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**Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples**

# St. Helena

**Working paper prepared by the Secretariat***

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# I. General

1. The Territory of St. Helena,[1] which is administered by the United Kingdom of Great Britain and Northern Ireland, consists of the island of St. Helena and two dependencies: the island of Ascension and a group of small islands forming the dependency of Tristan da Cunha.

2. Situated in the South Atlantic Ocean, approximately 1,900 kilometres from Angola and 2,900 kilometres from Brazil, St. Helena is a small island of volcanic origin. The Territory comprises a total land area of 412 square kilometres: Ascension lies 1,200 kilometres to the north-west of St. Helena, and Tristan da Cunha and the other small islands are approximately 2,400 kilometres to the south of it. St. Helena, where Jamestown, the capital of the Territory, is located, is the largest island, with an area of 122 square kilometres. The islands enjoy a tropical climate tempered by trade winds that blow throughout the year. They have distinctive flora and fauna, with many rare or endangered species.

3. The inhabitants of St. Helena are known as "Saints" or St. Helenians, and are of mixed origin (see para. 4 below). According to the 1998 census, 5,010 people lived on St. Helena. However, as of July 2003, the St. Helena Statistics Office estimated that there were from 3,750 to 3,800 inhabitants on the Island, meaning that a quarter of the population had left in just over five years. The Office noted that following the re-introduction of granting British citizenship for Saints in 2002, the Island had experienced an exodus. While it is difficult to provide any exact forecast of the future population, it is likely that the high emigration numbers will fade out as most people with a desire to leave the island have already done so, combined with a depletion of the population in the age groups most likely to leave.[2] Approximately one third reside in Jamestown. English is the only language. Access to St. Helena is provided by the *Royal Mail Ship (RMS) St. Helena*, which stops en route between Cardiff in the United Kingdom and Cape Town in South Africa. The nearest airstrip is located on Ascension.

# II. Historical background

4. St. Helena was discovered in 1502 by the Portuguese navigator Juan da Nova on St. Helena Day, 21 May. It was an uninhabited island. Its existence was kept secret until the English seafarer Thomas Cavendish came upon it in 1588. In 1633 the Netherlands claimed the island but did not occupy it. In 1658 a charter from the Lord Protector of Britain authorized the British East India Company to colonize and fortify the island, which was subsequently settled by the English. Slaves were brought from Africa, Madagascar and the Far East. Chinese and some Indian indentured labourers were brought to work on the island. King George II issued a charter to the East India Company setting out how the island should be fortified and governed. In the charter the King also gave the inhabitants full English citizenship in perpetuity. Napoleon Bonaparte was exiled to St. Helena from 1815 until his death in 1821. St. Helena became a Crown Colony in 1834. In May 2002 St. Helena celebrated the 500th anniversary of its discovery.

# III. Constitutional and political background and developments

5. The St. Helena Constitution Order of 1988, which entered into force on 1 January 1989, replaced the Constitution of St. Helena and dependencies introduced on 1 January 1967. Under the new Constitution, the Governor and Commander-in-Chief, who is appointed by the Queen, administers the Territory. He is assisted by an Executive Council and a Legislative Council.

6. The Legislative Council comprises the Speaker, 3 ex officio members (the Chief Secretary, the Financial Secretary and the Attorney General) and 12 elected members. The Executive Council is presided over by the Governor and consists of the ex officio members and five of the elected members of the Legislative Council. Although a member of the Legislative Council and the Executive Council, the Attorney General has no vote in either body.

7. Elections are held by secret ballot at intervals of not more than four years, by universal suffrage for those aged 18 years and over. While two political parties exist, since 1976 they have been inactive and elections have been held on a non-partisan basis. The most recent general elections were held on 27 June 2001, when 12 candidates representing eight constituencies were elected to the Legislative Council. The next election is scheduled for June 2005.

8. The judicial system, based on the laws of the United Kingdom, is administered by the Supreme Court (there is a non-resident Chief Justice) and by a Magistrate's Court presided over by the senior of the three magistrates sitting at a session. There is also a Juvenile Court and a Small Debts Court. Provision exists for a Court of Appeal consisting of three judges, which can sit at Jamestown or London.

9. In January 1983, when the British Nationality Act came into force at the end of the Falkland Islands (Malvinas) conflict, St. Helenians had their citizenship rights taken away. The islanders considered that the restoration of full British citizenship was a matter of basic human rights and, through a Citizenship Commission set up in 1992 by the Anglican Church on the island, they focused on raising public awareness with regard to citizenship and the constitutional development of the Territory. In 1994 the Legislative Council of St. Helena requested a review of the Constitution to include provisions for a bill of rights. There followed a number of discussions and debates in both the local Legislative Council and the United Kingdom House of Commons. (See A/AC.109/2115, paras. 4-8, A/AC.109/1999/16, paras. 4-12, A/AC.109/2000/8, paras. 13-17, A/AC.109/2001/16, paras. 10-15, and A/AC.109/2002/5, paras. 9-14).

10. On 17 March 1999 the British Government submitted in the House of Commons a White Paper entitled "Partnership for Progress and Prosperity: Britain and the Overseas Territories",[3] which enumerated changes in the relationship between the United Kingdom and its territories. The stipulations in the White Paper of greatest relevance to St. Helena were an offer of British citizenship, and with it the right of abode in the United Kingdom for those who chose to accept it, and a commitment to continuing financial assistance to those Territories that remained economically dependent on British aid. The Citizenship Commission and the elected members of the St. Helena Legislative Council discussed the White Paper and presented their findings to the Government of the United Kingdom in June 1999.

11. In July 2001, the British Overseas Territories Bill was introduced to the House of Lords for its consideration.[4] The parliamentary process on the bill was completed, and it received Royal Assent in February 2002, and became the British Overseas Territories Act 2002. The citizenship provisions came into effect on 21 May 2002. The St. Helena Citizenship Commission thanked the British Government for upholding its 1999 commitment to restoring citizenship rights and added that it augured well for "the other policy matters in the White Paper and for a true partnership".[5]

12. With respect to constitutional developments, there have been several initiatives since 1999: first, the position often expressed by the Citizenship Commission that discussions with United Kingdom authorities should include debate on the merits of various constitutional options for St. Helena, namely the status quo, Crown dependency or integration; and secondly, the 1999 report of a Constitutional Commission established by the Governor, which presented proposals on a range of issues related to governance but made no progress in determining the kind of relationship that the island wished to have with the United Kingdom. However, in May 2003, elected members of the Legislative Council advised the public that they were proposing a Cabinet system of Government for St. Helena and that they had decided to pursue what is referred to as a three-tier ministerial government, which they felt best reflected the general wishes of the people for a more responsible and democratic government. The proposals set forth were not in the form of a draft constitution, but a draft heads of Agreement that the elected members wished to see contained in the new constitution.[6] A new constitution is expected to be in place by June 2005, in time for the next general election.[7] In December 2003, the Foreign Affairs and Commonwealth Office organized the fifth meeting of the Overseas Territories Consultative Council in London. The representatives of St. Helena discussed constitutional development and an upcoming visit to the British Virgin Islands to view how a ministerial form of government worked (see para. 19 below).[8]

13. Notwithstanding the regular exchanges between the St. Helena Government and the administering Power on constitutional development, the Territory continued to seek independent advice on constitutional matters. As a result, Alison Quentin-Baxter, a barrister of the High Court of New Zealand and an expert on small territories, visited St. Helena from 25 September to 11 October 2002 and again, from 29 April to 6 May 2003. In her capacity as independent constitutional adviser to the people of the Territory, with funding provided through the Commonwealth Secretariat, Mrs. Quentin-Baxter, after a wide consultation process, presented an issues paper in October 2002, entitled "St. Helena and its dependencies — exploring options for their future constitutional development".

14. Following the discussions with the independent adviser, on 11 October 2002 the Speaker of the Legislative Council announced that that body would put proposals for constitutional change before the public to see if they were well supported. The key features of the Legislative Council's proposals for constitutional change, as reported in the media,[9] were as follows:

- The Legislative Council should become a legislative assembly of 12 members, eight of them elected to represent constituencies and four elected by all the island's voters.
- Executive powers of Government should be based on a cabinet system, with the cabinet consisting of a chief minister and three or four other ministers. All

voters should elect the chief minister from among legislative assembly members. Immediately after a general election, a second round of voting would be held for this purpose. The voting system should require the successful candidate to obtain at least 50 per cent of the vote cast.

- The chief minister would select three or four other members of the assembly to serve as cabinet ministers. The cabinet would exercise the general direction of the Government of St. Helena.
- There would also be an executive council consisting of the chief minister and other ministers, which would meet with the Governor to keep him informed about the conduct of the Government of St. Helena and to tender advice about the exercise of any executive powers for which the Governor continued to have special responsibility. These should not include finance or shipping.
- Members of the legislative assembly not in the cabinet would be members of select committees with powers of scrutiny. They would examine bills and public accounts. They should also have the power to enquire on their own initiative into any matter of Government policy or administration.
- In addition, the new Constitution should include a modern bill of rights chapter and provision for a judicial service commission and a public service commission (recommendations of the 1999 Commission of Inquiry on the Constitution).

15. From October to December 2002 the Legislative Council organized several rounds of public meetings in community centres throughout the island to ensure the maximum participation of the people in the issue of constitutional development and to obtain feedback on the Legislative Council's proposals. In addition, numerous controversial letters, articles and editorials appeared in the local media.

16. The elected members' proposal for a three-tier ministerial government followed intensive discussions with Mrs. Quentin-Baxter during her visit to St. Helena in May 2003, at which time there were also ongoing negotiations with a visiting team from the Foreign and Commonwealth Office. Following is a summary of the proposal, which has been widely distributed to the public:

1. The proposal is based upon the Consultative Paper issued in October 2002 (see para. 13 above), with the following two changes:

(a) Elections Legislative Assembly members would be held on an island-wide basis on a single roll. All 12 members would be elected by all voters;

(b) Instead of being elected by all voters, the Chief Minister would be elected by the 12 Assembly members.

2. Elected members would propose a Cabinet system. In spite of the reservations expressed by Baroness Amos, the elected members felt that a Cabinet system was essential for a ministerial Government for the island. The concerns of Baroness Amos are fully addressed in the proposals.

3. The Cabinet system would place responsibility for the day-to-day running of the island into the hands of the elected members, who would act as ministers. They would be responsible and accountable to the public.

4. Officials would not be members of either the Cabinet or of the Legislative Assembly. Their role would be that of advisers.

5. The Governor would retain the power to act in his own discretion, but only with prior approval from the Secretary of State and only if a proposed decision of the Cabinet was inconsistent with a partnership value.[10]

17. It became clear during the negotiations that the proposal was not favoured by the Foreign and Commonwealth Office. While much consensus has been reached on the draft heads of Agreement, the key issue of a three-tier ministerial government (composed of a Legislative Assembly; a Cabinet, with the Chief Minister as President; and an Executive Council with a presiding Governor) or a Caribbean-style two-tier ministerial government (composed of a Legislative Assembly and a Cabinet with a presiding Governor) has still to be resolved.

18. The response of the administering Power to St. Helena's ongoing public consultations on constitutional reform was summarized as follows by the Governor in his 2003 Christmas message when he stated that there was something of a hiatus over constitutional reform as councillors were still insisting on a ministerial system of government with a separate cabinet and Executive Council that was unacceptable to British ministers. It was important for councillors (and the wider community) to understand the Government's concerns about distancing the Governor from the decision-making processes and to accept the need to retain safeguards to ensure good governance and compliance with international obligations. There would be further meetings in January [2004] between councillors and the Foreign and Commonwealth Office, which would hopefully lead to progress on constitutional change to give others in society direct responsibility for taking action to address the issues of the day. The visit in October by the three members of the House of Commons also had reinforced the advice that the two-tier system of ministerial government should be accepted.[11]

19. According to the Governor, two St. Helena Councillors went to the British Virgin Islands in the latter part of January 2004 to see how a ministerial form of Government worked. During subsequent meetings in London with legal advisers and the Overseas Territory Department, the working document entitled, "Heads of Agreement", was revised and sent to the Speaker of the Legislative Council in mid-February 2004 (see para. 12). The working document will form the basis for drawing up a new constitution. Advice is also being sought by the Legislative Council's Constitutional Advisor. An informal meeting of the Legislative Council has been called for 2 April 2004, to take matters forward.

20. The island's Citizenship Commission has expressed concern over the complexity of a ministerial system of government for such a small island community. The Commission, noting the island's economic and human resource crises, has presented figures indicating the small number of persons to draw on to form the proposed government for St. Helena.[12]

21. In the context of the ongoing dialogue on the future of the island, at the end of 2002 the Legislative Council of St. Helena publicized 13 proposed strategic objectives that would allow the Government to negotiate its new three-year aid agreement (2004-2007) with the United Kingdom (see A/AC.109/2003/4, para. 17). A scheduled visit to St. Helena in October 2003 by the United Kingdom's

Department for International Development (DFID), to discuss the new aid agreement has now been postponed to the fall of 2004.[13]

22. In May 2003, following discussions with the public, the St. Helena Government approved the following six strategic objectives for the island:

1. Improved access.

2. Improved standard of education.

3. Development of a sustainable and vibrant economy.

4. Development of a healthy community in a safe environment.

5. Promotion and development of a sustainable workforce.

6. Continuing development and establishment of the democratic and human rights and the self-determination of the people.

23. According to the Government, the objectives not selected from the original 13, would be taken into consideration upon implementation of the six selected objectives. At the time of the selection, the Government stated that it would work towards producing a strategy statement incorporating the objectives and the work that underpinned them. The document would play an important role during budget discussions with the Department for International Development as it would demonstrate what St. Helena wanted to achieve and how it intended to do so. The budgetary discussions, postponed until the fall of 2004, would include details on how departments would contribute towards achieving the strategic objectives.[14]

# IV. Economic conditions

## A. General

24. According to the Government of St. Helena, the island is in economic decline: the tax base is shrinking because the birth rate has dropped, the population is ageing and skilled individuals, especially the young, are leaving the island in pursuit of higher wages offshore. St. Helena's heavy dependence on United Kingdom aid and other external funding for capital and technical investment allows the population to enjoy a higher standard of living than local resources would be able to sustain. In 1999, after lengthy consultations, the Government of St. Helena issued the Strategic Review for the period 2000-2010. As the economy is heavily dominated by the State sector, with some 70 per cent of the workforce employed by the Government or State-owned enterprises, the main focus of the Review is public-sector reform and private-sector development.[10] Also outlined are options for St. Helena to generate sustainable wealth through internal investment, tourism, exports and import substitution. With the exception of the last, all are heavily dependent on significantly improved access (see paras. 37-39). In October 2003, the Parliamentary Under-Secretary of State for International Development, Gareth Thomas, said in the House of Commons that St. Helena's economy and its population were matters of concern. He noted that the island's economic situation was deteriorating and that the population had decreased by about a quarter in 18 months. He said that action was needed.[15]

## B. Assistance from the United Kingdom of Great Britain and Northern Ireland

25. In real terms, aid from the United Kingdom has fallen over the last decade, which has had an effect on the St. Helena economy. More than 30 per cent of the Government's annual recurrent budget is funded by the United Kingdom's Department for International Development (DFID), as is much of its capital investment.[16] In 2000 DFID and the Government of St. Helena agreed on a new country policy plan for the period from 2000/01 to 2002/03, designed to make the island more self-sufficient by promoting the private sector and raising efficiency in the public sector. DFID pledged £29 million in development assistance resources, which also included an annual subsidy for the operation of the *RMS St. Helena*, awards for training in the United Kingdom and infrastructure projects such as road works and wharf improvement. According to information provided by the administering Power, during the period April 2002 to March 2003, the actual amount of grant-in-aid from the United Kingdom was 42 per cent of the Government's budget. In addition, the amount of development aid provided was 16 per cent. DFID has also offered to contribute more than £26 million towards the cost of developing air access for St. Helena if satisfactory proposals could be agreed upon. Further, in 2003, the Foreign and Commonwealth Office established an Economic Diversification Programme Budget (EDPB) to assist the Overseas Territories to diversify and enhance their economic base and thereby lessen their dependence on one or two sectors. It provides a source of funding to support small enterprises and entrepreneurial talent to launch new business activities in the Overseas Territories particularly, but not exclusively, in non-traditional areas. Finance from EDPB has been used to set up a small business expansion scheme in St. Helena, worth £150,000 per annum for three years.[17]

26. A team from DFID visited St. Helena from 19 to 25 July 2002. Due to the ongoing public discussions on air and sea access and the proposed strategic objectives for the island's future, it was agreed that a one-year extension of the current country policy plan would be preferable to a new three-year plan. The team announced that DFID's development assistance for 2003/04 would be £10.7 million, a 7 per cent increase over the original planning figure for 2002/03.[18] The next team visit from DFID has been postponed to the fall of 2004 (see para. 21 above).

## C. Development projects

27. St. Helena also receives assistance from the United Nations Development Programme (UNDP). The second UNDP country cooperation framework for St. Helena (DP/CCF/STH/2) covers the period 2001-2004, with allocated regular resources of $1,021,000. The UNDP representatives visited St. Helena from 27 March to 12 April 2003 to review the ongoing implementation of two main multi-purpose projects: training and consultancy to support sustainable livelihoods; and employment in the tourism sector and development of the private sector. So far, UNDP notes as principal achievements the publication of St. Helena's national human development report (to be updated in 2005), the technical support provided to the island's Development Office, the expansion of Internet and Intranet networks for the territorial Government, the procurement of remote sensing equipment to enable St. Helena to monitor offshore fishing in its territorial waters and

improvement in the quality of the island's drinking water. Continuous progress has been made in skills training for tourism and related areas, such as sign production, catering and improvement in services provided by the island's Tourism Office. UNDP has also funded a project to provide services for the elderly and disabled so as to help them remain within the community. The third UNDP country programme for St. Helena, covering the period 2005-2007, is being developed and is expected to be approved by the UNDP Executive Board in June 2004.

28. As mentioned earlier, DFID has offered to contribute more than £26 million towards the cost of developing air access for St. Helena (see para. 25).

29. St. Helena is also eligible to receive funds from the European Union. Since 1995, St. Helena has been allocated a total of €14.35 million from EU funds.[19] Representatives of the island attended the European Union-Overseas Countries and Territories Forum held in Brussels in December 2003. The Forum dealt with matters of concern to all Overseas Territories, such as accessing and obtaining EU funding from the EU's so-called horizontal budget lines, other forms of aid such as trans-shipment, and the difficulties experienced by Overseas Countries and Territories with regard to obtaining regional funding from the European Union.[20]

## D. Agriculture and fisheries

30. No further developments have been reported. Details on land use and agriculture are contained in the 2003 working paper (see A/AC.109/2003/4, para. 23).

31. Fisheries are an important sector in St. Helena's economy, although the islanders have the capacity to fish only the 12-mile inshore waters of their 200-mile exclusive economic zone. There are 30 fishing boats with commercial licences, but only 12 work full-time. The local fishermen sell their catch to the St. Helena Fisheries Corporation (SHFC). In 2002/03, SHFC exported frozen fish with a value of £38,117, down from £57,245, while sales of fish for local consumption amounted to £118,439, down from £239,840. A number of international companies are licensed to fish in the waters off St. Helena and Ascension Island and these licences have, in the past, contributed up to 20 per cent of all local revenue. However, licence revenue derived from foreign fishing vessels has decreased drastically over the past three years with an average of £127,276, the lowest being £54,012 in the 2002/03 financial year.

32. St. Helena is developing a reputation for high-quality export products, including coffee and fish. St. Helena coffee is considered one of the highest quality, premium coffees in the world. St. Helena's fish have become the first wild fish to receive organic certification from the Soil Association, the United Kingdom's leading campaigning and certification organization for organic food and farming.[21]

33. After five years of negotiations, the Convention on the Conservation and Management of Fishery Resources in the South-East Atlantic Ocean was signed in Windhoek on 20 April 2001.[22] The benefits and obligations that it is expected to bring St. Helena are detailed in A/AC.109/2002/5, paragraph 23.

## E. Manufacturing and industry

34. No further developments have been reported. Details on the issue are contained in the 2003 working paper (see A/AC.109/2003/4, para. 26).

## F. Transport, communications and utilities

35. St. Helena has more than 100 kilometres of surfaced roads. A public transport system was launched in November 2003 by the St. Helena Government. The system is still operating on a trial basis with three bus service providers and adjustments are being made following comments from the public and the service providers. The Government is hoping that the service will continue, as it is providing the people of the island with a cheaper means of transportation. Continuation of the project will depend on its profitability in the immediate future.[23]

36. The only port is Jamestown, which provides good anchorage, although it would require a breakwater to allow passengers of large cruise vessels to come ashore in all types of weather. Since there is no airport or airstrip on the island, the island's only link with the outside world continues to be the *RMS St. Helena*, which is owned and chartered by the St. Helena Shipping Company, Ltd., and which plies between Cardiff in the United Kingdom and Cape Town in South Africa, calling at the Cape Verde islands and Ascension.

37. In the St. Helena Strategic Review 2000-2010, the Government stressed that "the island's extreme aid dependency cannot be reduced until access to the island is fundamentally improved". The territorial Government declared its preference for air access as the most effective way to attract investment and tourism and to create much-needed local employment. In June 2001 a consulting company appointed by the Foreign Office to undertake a comparative cost study of air and sea access indicated that a single runway would cost more than £38 million, while a dual runway would cost £50 million. The replacement cost of the *RMS St. Helena* was estimated at £26.3 million.[24]

38. In January 2002 St. Helenians voted on the question of future access to the island, given a choice between having an airport, with alternative arrangements being made for shipping, or not having an airport, with a replacement for the *RMS St. Helena* instead. Almost 72 per cent voted in favour of an airport. In March 2002 DFID arranged for a delegation from St. Helena to travel to London to discuss air access issues. The talks centred on funding, economic planning, social and environmental impacts, and current United Kingdom practices on public/private sector joint ventures.[25] In September 2002, it was agreed with the Territorial Government that a prospectus should be issued on the international market inviting innovative proposals for the construction of the airport. The Government has stressed that the islanders will have only one chance to introduce air access and that they must "get it right".[26] In the meantime, the Government is also stressing in its strategic objectives the need to build a wharf and improve freight and passenger access to St. Helena by sea.

39. DFID has offered to contribute more than £26 million towards the cost of developing air access for St. Helena if satisfactory proposals can be agreed upon. According to the *St. Helena Herald*, four companies have participated in the air access bids. WS Atkins, a consultancy company, was contracted as an adviser to the

Government of St. Helena in September 2003. A report by WS Atkins evaluating the bids was expected by the Government's air access team at the end of 2003. After reviewing the report, the team intends to refer its recommendations to the Executive Council in mid-January 2004 and, from there, they would be referred to the Legislative Council. A parallel process would be undertaken in DFID and, once a consensus had been reached, the conclusions would be made public. A newly appointed Air Access Project Coordinator, Sharon Wainwright, arrived in St. Helena in February 2004.[27]

### G. Banking and credit

40. No further developments have been reported. Details on the issue are contained in the 2003 working paper (see A/AC.109/2003/4, para. 30).

### H. International trade

41. St. Helena's main imports are food products and tobacco, motor spirits and fuel oil, animal feed, building materials, motor vehicles, machinery and spare parts; its only exports are coffee, fish and handicrafts (see also para 32 above).[28] Its main trading partners remain the United Kingdom and South Africa.

## V. Social conditions

### A. General

42. The team of DFID and Foreign and Commonwealth Office representatives that negotiated the country policy plan for 2001/02 to 2002/03 stated that, measured by international norms, St. Helena is a middle-income country with few signs of real material poverty. However, the team added that this is largely owing to the all-encompassing Government safety net, which guarantees everyone a minimum standard of living, and to social networks, which encourage the distribution of income among kin, most notably in the form of remittances. The country policy plan identifies two particularly vulnerable sectors, namely, the increasing number of elderly people (expected to be 24 per cent of the population by 2010) who live on social benefits, and the disabled, who have special, unmet needs. It also points to a "culture of dependency" on the island, partly as a consequence of the Government being the main employer and almost the only provider of services. In 2000, the Government noted in the St. Helena Strategic Review that once British citizenship was restored, it could be expected that the young people would leave the island and that many would not return. St. Helena's Governor, David Hollamby, in his 2003 Christmas message spoke about the "accelerated haemorrhage of our skilled and young people to offshore employment", as the downside to the restoration of full British citizenship, while noting that the development of air access was critical for the future economic development of the island.[29]

## B. Employment

43. As a result of the dependence on imports, the paucity of exports and the small size of the internal market, there are limited employment opportunities on St. Helena. The public sector remains the dominant employer, employing a total of 1,149 persons during the period from 1 April 2001 to 31 March 2002. As at the end of March 2002, there were 176 persons in community employment and a further 64 registered as unemployed. In October 2003, the Government launched the Long-term Unemployment Policy, in which the Employment and Social Security Department has been working closely with the unemployed to identify their training needs. Some have already embarked on training programmes which will enable them to gain full-time employment. The Department is also identifying key areas in which UNDP support is needed to assist with the training of the long-term unemployed. A project memorandum will be submitted to UNDP for approval at the next UNDP Country Cooperation Framework for St. Helena, covering the period 2005-2007 (see para. 27).

44. Offshore employment has steadily increased to include more than 30 per cent of the working population. Some 1,275 of the island's workers are employed on Ascension, in the Falkland Islands (Malvinas) and in the United Kingdom; their remittances to St. Helena total £3 million per year. However, as virtually all contracts for offshore employment are for unaccompanied workers, there is a significant social burden because of the dislocation of families. In addition, the loss of trained staff to better-paid offshore employment makes it necessary to bring in more expatriate workers, particularly nurses and teachers. The St. Helena Strategic Review 2000-2010 showed that remittance from offshore workers was not sustainable and very clearly spelled out the dire consequences if people were not put at the centre of development, stating that no community could prosper if its biggest export was its people.[30]

## C. Public health

45. No further developments have been reported. Details on the issue are contained in the 2003 working paper (see A/AC.109/2003/4, para. 34).

## D. Education

46. Education is compulsory and free for children between 5 and 15 years of age. In 2002/2003, 669 children, and 104 students over the age of 15, were attending seven public schools in the Territory, and eight students were in tertiary education in the United Kingdom. There were 87 full-time teachers (including three abroad for additional training) and three part-time teachers. Total expenditure on education in 2003/2004 was estimated at £1,273,590, representing 11.31 per cent of total Government expenditure.

47. The introduction of British standardized tests in English and mathematics in the first and middle sections of school have shown that the majority of pupils score lower than their British counterparts. Results from the secondary school examination for students 16 years of age and over show that these pupils are also seriously underachieving, with fewer than 12 per cent of them each year attaining the

minimum five qualifying grades for the General Certificate of Secondary Education or equivalent, compared with 40 per cent in the United Kingdom. These problems have been attributed in part to the high level of staff turnover and staff members' lack of qualifications and experience.[31]

### E. Environment

48. St. Helena has an environmental conservation programme aimed at preserving endangered species and diversity of habitats, which are an important part of the Territory's heritage and could potentially increase tourism. The World Conservation Union lists as endangered 40 per cent of St. Helena's plants, while other conservationists insist that the actual proportion is even higher. In September 2001 the United Kingdom and the Overseas Territories adopted a set of environment charters setting out for the first time the mutual responsibilities of both regarding the environment. The St. Helena Government listed conservation as one of its 13 original strategic objectives. It notes as key areas improved waste management, protecting the marine environment and "green" initiatives such as recycling and renewable energy.

49. During the launch, announced on 10 December 2003, of a joint initiative between the Foreign and Commonwealth Office and DFID, the Overseas Territories Environment Programme doubled the amount of money (£3 million) available to the Overseas Territories for developing and implementing action plans under the environment charters that had been signed in September 2001. The agreements between the United Kingdom and the Overseas Territories were designed to develop sound environmental management practices. It was reported that the cash fund would be made available until March 2007, by which time the United Kingdom and Overseas Territories governments needed to show that real progress had been made.[32]

## VI. Dependencies of St. Helena

### A. Ascension

#### 1. General

50. Ascension was discovered by the Portuguese in 1501 and "found" again on Ascension Day in 1503 by Alphonse d'Albuquerque, who named the uninhabited island. Ascension covers an area of 90 square kilometres and is of volcanic origin. In 1815, when Napoleon was a prisoner on St. Helena, a small British naval garrison was stationed on Ascension. The island remained under Admiralty supervision until 1922, when it was made a dependency of St. Helena. From then until 1964 the island was managed by the Eastern Telegraph Company (renamed Cable and Wireless in 1934). In 1964, in view of the plans to establish British Broadcasting Corporation (BBC) and Composite Signal Organization stations, an Administrator was appointed. During the Second World War the United States Government built the Wideawake airstrip on the island. In 1957 a United States Air Force presence was re-established, and the airstrip and ancillary facilities were enlarged. It is now the south-east tracking station for the United States Air Force Eastern Test Proving Ground. In 1982 it became the intermediate stop for Royal Air Force flights to and

from the Falkland Islands (Malvinas). For the past three years, British and United States officials have been discussing the possibility of opening Wideawake airstrip to civilian charter traffic.[33]

## 2. Constitutional and political status

51. Executive authority for the Territory is exercised by the Governor of St. Helena. A resident Administrator is responsible to the Governor. Ascension has for many years been primarily an important communications centre. As there have never been any indigenous inhabitants, the population (some 1,100 people) is made up of the employees of companies established on the island and their families. Until 2001, all administrative and public services were provided by Ascension Island Services, a joint venture partnership between BBC World Service and Cable and Wireless, directed by a London Board of "Users". Owing to changed geopolitical priorities and rising salaries, in 1999 the London Board decided to disband the joint venture by 31 March 2001. As at that date, responsibility for services was undertaken by a new, transitional Ascension Island Government, consisting of the Governor of St. Helena and the Administrator of Ascension. Since then the islanders have been engaged in deciding how to broaden their political and legislative status.

52. Throughout 2001/2002 there was considerable discussion among the inhabitants of Ascension about the future shape of their Government. According to a constitutional adviser from the Foreign and Commonwealth Office, Michael Bradley, who visited Ascension in October 2001,[34] a majority of Ascension inhabitants did not want a complete separation from St. Helena but were concerned that any new legislative forum should not be a subsidiary administration of St. Helena. His report found considerable support for the creation of a representative Government, but views diverged on its powers and responsibilities. Proposed options included the creation of a legislative council similar to St. Helena's or of an advisory council that could then evolve into a full legislative body like those in other Overseas Territories. Bradley reported that an Order in Council to meet the needs entailed in any of the options would take at least a year. It was recommended that, as an interim solution, the Governor use his existing powers to provide for an island council similar to that of Tristan da Cunha.

53. Following lengthy public discussions and controversial exchanges with the administering Power on the modalities of democratic government that Ascension Island could adopt, a referendum was held on 23 August 2002, in which the inhabitants were asked to choose between two models: either a local island council or a local island council with certain services, in areas such as economic development, health and education, managed by an inter-island council that would include members from St. Helena. Ninety-five per cent of the voters in the referendum favoured the first option, namely, an island council having financial and managerial responsibility for the services provided to the island.

54. Still to be developed however, is another governmental body, a joint consultative forum, which would harmonize the relationship between St. Helena and Ascension on matters of common interest. In this respect, the independent constitutional adviser, Alison Quentin-Baxter, who visited Ascension in September 2002, recommended that the people of Ascension and St. Helena take their inspiration from similar cooperative arrangements among small independent States

in the Eastern Caribbean, among small Pacific island States and between Australia and New Zealand.[35]

55. Following the August referendum, Ascension held a general election for its first Island Council on 1 November 2002. Three hundred and thirty-seven people voted (54 per cent of the electorate), electing 7 of the 12 nominated candidates to serve on the Council. The new councillors were sworn into office on 7 November and received messages of support from Baroness Amos, Foreign Office Minister for the Overseas Territories, and from the Governor of the Territory. The Council met on 5 December 2002 and agreed on funding for education abroad, amendments to a harbour ordinance and the formation of a Finance Committee.[36]

### 3. Economic and social conditions

56. No further developments have been reported. Details on the issue are contained in the 2003 working paper (see A/AC.109/2003/4, paras. 44-46).

## B. Tristan da Cunha

### 1. General

57. The dependency of Tristan da Cunha[37] is composed of four islands — the main island, called Tristan da Cunha, plus Gough, Inaccessible and Nightingale. Tristan da Cunha, a round volcanic island with an area of 98 square kilometres, is the most remote inhabited island in the world. Its closest neighbours are St. Helena, 2,334 kilometres to the north, and Cape Town, 2,778 kilometres to the east. Its population was evacuated to the United Kingdom when the volcano last erupted, in 1961, but returned in 1963. The only settlement on the island is the capital, Edinburgh of the Seven Seas. According to the Administrator, as at December 2000 the population consisted of 283 people divided into approximately 100 households.[38] A team of South African meteorologists lives on Gough. Inaccessible and Nightingale are uninhabited.

### 2. Constitutional and political status

58. Following the passage of the British Overseas Territory Bill in 2002, the people of Tristan da Cunha have full British citizenship and the right of abode in the United Kingdom.

59. Executive authority for Tristan da Cunha is exercised by the Governor of St. Helena. A resident Administrator is appointed by the Governor and is responsible to him. The Administrator is advised by an Island Council, led by the Chief Islander and comprising eight elected members (including at least one woman) and three appointed members. Elections are held every three years. All registered voters over 18 years of age are eligible to vote.

60. Tristan da Cunha has its own legislation, but St. Helena law applies to the extent that it is not inconsistent with local law, insofar as it is suitable for local circumstances and subject to such modifications as local circumstances make necessary. There is one full-time police officer and three special constables. The Administrator is the Magistrate.

### 3. Economic and social conditions

61. No further developments have been reported. Details on the issue are contained in the 2003 working paper (see A/AC.109/2003/4). However, with regard to access to the island, there is no air service to Tristan da Cunha. Transport to and from the island has been provided in the past by the yearly call of the *RMS St. Helena*, an occasional passenger ship, two fishing concession vessels and the South African research vessel *SA Agulhas*. In January 2004, St. Helena's Governor announced that, after careful consideration, the Government had decided to stop visits to Tristan da Cunha by the *RMS St. Helena*. The Governor noted that the Tristanians had not been relying on the ship to carry passengers and cargo to the island. The Governor stressed that the changed schedule would not affect either the United Kingdom's or St. Helena's relationship with Tristan da Cunha and that it would still be possible for people to visit Tristan de Cunha, travelling from Cape Town via alternative shipping means.[39] Owing to rough seas, the harbour is accessible only 60 to 70 days a year. Improvements to the harbour are considered vital to Tristan da Cunha's future. Work is under way to design and construct a safer harbour, which would increase visits by passing ships.

## VII. Future status of the Territory

### A. Position of the administering Power

62. In his statement at the second meeting of the Fourth Committee of the General Assembly, on 6 October 2003 (see A/C.4/58/SR.2), the representative of the United Kingdom said that his Government welcomed the opportunity, as an administering Power, to bring the Committee's attention to a number of significant developments that had taken place during the year. Following the adoption in 2002 of the British Overseas Territories Act, which granted all citizens of those Territories full British citizenship, the right of abode in the United Kingdom and freedom of movement within the European Union, over 14,000 passports had been issued by August 2003. As for environmental management in the Overseas Territories, the representative said that his Government was working closely with the Territories to fulfil the commitments it had entered into under multilateral agreements and to support the efforts of the Territories themselves to protect and improve their environment.

63. With respect to the constitutional reviews, discussions were under way in the Cayman Islands, the Falkland Islands, Gibraltar, Montserrat and the Turks and Caicos Islands. The authorities of Anguilla had set up a committee to canvas views from the population at large and a locally appointed review commission was expected to be established shortly in the British Virgin Islands. Talks with St. Helena have also started and are the furthest advanced, whereas discussions with Gibraltar have yet to commence. In terms of the Committee's specific interests, two years into the Second International Decade for the Eradication of Colonialism, perhaps the most significant development had been the decolonization seminar that had been held in Anguilla, from 20 to 22 May 2003, since it was the first time that the seminar had been held in a British Non-Self-Governing Territory. The choice of venue and the focus of the seminar had meant that several chief ministers and their equivalents, as well as opposition leaders and civil society representatives, had been able to attend. The representative of the United Kingdom said that the seminar had

shown the extent to which many of the British Overseas Territories had dynamic and advanced economies that already benefited from a high degree of self-government.

64. The representative said that the United Kingdom had the impression that there was no strong desire in its Territories to choose the path of independence, even though his Government had made it clear that it would give encouragement where independence was an option. The key, therefore, as long as the Territories chose to retain their link with the United Kingdom, would be to try to reconcile their desire for ever greater autonomy and self-government with the United Kingdom's responsibility to ensure good governance, to protect the impartiality of the public service and the independence of the judiciary, and to ensure compliance with relevant international obligations.

65. In his closing remarks during the fifth Overseas Territories Consultative Council, convened in London from 8 to 10 December 2003, the Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs said that the role of the Governors vis-à-vis constitutional reform, was based on the principle of partnership. According to the Under-Secretary of State, the concept of free association advanced by the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples would not be inconsistent with that position, if it meant mutual acceptance by both sides, because the United Kingdom had responsibilities to protect. But if it meant, as he sensed to be the argument of some Territory Governments, that some territories would draw their own constitutions free of outside interference, the United Kingdom would not agree with that. The Under-Secretary went on to add that his Government valued its relationship with the Territories. It would not wish to force them into independence, although it would respond positively, where this was an option (i.e., not Gibraltar) if that was the clear and constitutionally expressed wish of the people. The United Kingdom respected the fact that for some Territories independence might be the long-term objective. He stressed, however, that while the Territories retained a link with the United Kingdom, their governance should be in partnership with it.[40]

## B. Position of the Territory

66. In September 1999 the Government of St. Helena published the St. Helena Strategic Review 2000-2010, in which it outlined its medium-term and long-term vision for St. Helena. During 2003, the territorial Government put forward proposals for constitutional reform, as well as strategic objectives to plan for the 2004-2007 aid package to the island and requested the public to respond to both (see paras. 12-23 above).

67. The Legislative Councillor of St. Helena, William Drabble, participated as an expert in the Caribbean Regional Seminar organized by the Special Committee, which was held in Anguilla in May 2003. He noted that St. Helena and Montserrat were the only two grant-aided Overseas Territories. In St. Helena's case, the reason was its isolation and the fact that it did not produce enough raw materials to cover its expenses. Currently, St. Helena had no aspirations towards independence. It could not afford independence, nor did it want a flood of visiting Europeans. He said that St. Helena was very satisfied with what the United Kingdom had done for it, by balancing the books year after year. He also said that like the other Overseas

Territories, St. Helena would like to have more say in managing its own affairs (see A/58/23 (Part I), annex, para. 28).

# VIII. Consideration of the question by the United Nations

## A. Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

68. The Special Committee considered the question of St. Helena at its tenth meeting, on 23 June 2003, in the context of the consolidated draft resolution A/AC.109/2003/L.13 on the questions of American Samoa, Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Guam, Montserrat, Pitcairn, St. Helena, the Turks and Caicos Islands and the United States Virgin Islands. At the same meeting, the Special Committee adopted draft resolution A/AC.109/2003/27 (see A/58/23, chap. XII, sect. F).

## B. Special Political and Decolonization Committee (Fourth Committee)

69. At its 7th meeting, on 14 October 2003, the Fourth Committee adopted without a vote the draft resolution on the questions of American Samoa, Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Guam, Montserrat, Pitcairn, St. Helena, the Turks and Caicos Islands and the United States Virgin Islands (see A/C.4/58/SR.7).

70. After the vote, the representative of the United Kingdom said that, as in previous years, the United Kingdom was pleased to support the consensus on the draft resolution, thereby reflecting his Government's full support of the right of the peoples to self-determination as contained in the Charter of the United Nations (Article I, paragraph 2) and in paragraph 4 of the United Nations Millennium Declaration.

## C. General Assembly

71. On 9 December 2003, the General Assembly adopted without a vote resolution 58/108 A-B, section IX of which specifically referred to St. Helena. In that section, the Assembly took into account the character of St. Helena, its population and its natural resources, and noted the efforts of the administering Power and the territorial authorities to improve the socio-economic conditions of the population of St. Helena, in particular as regards food production, continuing high unemployment and limited transport and communication. The Assembly noted with concern the problem of unemployment on the island and the joint action of the administering Power and the territorial Government to deal with it. The Assembly requested the administering Power and relevant international organizations to continue to support the efforts of the territorial Government to address the socio-economic development challenges, including the high unemployment and the limited transport and communication problems.

*Notes*

[1] Information contained in the present working paper has been derived from information transmitted to the Secretary-General on 22 January 2004 by the Government of the United Kingdom of Great Britain and Northern Ireland under article 73 *e* of the Charter of the United Nations, and from published sources.

[2] *St. Helena Herald*, 25 July 2003.

[3] The White Paper is reproduced in A/AC.109/1999/1 and Corr.1, annex.

[4] House of Commons Explanatory Notes, 30 October 2001.

[5] Press releases, "Baroness Amos and Citizenship", *St. Helena Herald*, 22 March 2002, and "A Promise Fulfilled", *St. Helena Herald*, 17 May 2002.

[6] *St. Helena Herald*, 2 May 2003.

[7] Ibid., 29 August 2003.

[8] Ibid., 23 January 2004.

[9] Ibid, 11 October 2002.

[10] Ibid, 2 May 2003.

[11] Ibid., 19 December 2003.

[12] Ibid, 4 April 2003.

[13] Ibid, 19 December 2003.

[14] Ibid., 16 May 2003.

[15] Ibid., 31 October 2003.

[16] www.sainthelena.gov.sh and letter from the Under-Secretary of State, reported in *St. Helena News*, 2 March 2001.

[17] www.sainthelena.gov.sh/lifestyle/News-statementcpa.html.

[18] Aide-memoire, St. Helena Country Policy Plan Mission, *St. Helena Herald*, 27 September 2002.

[19] *St. Helena Herald*, 27 February 2004.

[20] Ibid., 19 December 2004.

[21] www.sainthelena.gov.sh.

[22] South-East Atlantic Fisheries Organization press release, in *The Islander*, 19 July 2001.

[23] www.sartma.com.

[24] *St. Helena Herald*, 11 January 2002.

[25] Press release, reported in *St. Helena Herald*, 22 March 2002.

[26] *St. Helena Herald*, 18 October 2002.

[27] Ibid., 31 October 2003, 21 November 2003, 12 December 2003, and 5 March 2004.

[28] www.sainthelena.gov.sh.

[29] *St. Helena Herald*, 19 December 2003.

[30] Ibid., 27 February 2004.

[31] St. Helena Strategic Review 2000-2010, St. Helena Government, September 1999.

[32] Foreign and Commonwealth Office Press Release, 10 December 2003, www.fco.gov.uk.

[33] www.the-islander.org, 15 August 2002.

[34] Ibid., 7 March 2002.

[35] Ibid., 12 September 2002.

[36] Ibid., 7 November, 17 November and 12 December 2002.

[37] Information derived from "Tristan da Cunha" (1998), by Brian Baldwin, Administrator of Tristan da Cunha.

[38] Interview with the Administrator of Tristan da Cunha, Falkland Islands News Network (SARTMA), 6 December 2000 (see www.sartma.com).

[39] www.sainthelena.gov.

[40] Report of the proceedings of the Fifth Overseas Territories Consultative Council, 8-10 December 2003, annex F, closing remarks by Mr. Rammell.

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**Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples**

# Anguilla

**Working paper prepared by the Secretariat**

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# I. Background information

## A. Geography

1. Anguilla[1] lies 240 kilometres east of Puerto Rico, 113 kilometres north-west of Saint Kitts and Nevis and 8 kilometres north of St. Maarten/St. Martin. The Territory has a relatively flat topography, a total area of 96 square kilometres and includes several offshore islets. The main island has a maximum length of 26 kilometres and a maximum width of 5 kilometres. The capital of Anguilla is The Valley, where 42 per cent of the population resides.

## B. History

2. Originally inhabited by the Arawaks, Anguilla was first colonized by British settlers in 1650. For administrative purposes, it was associated with Saint Kitts and Nevis from 1871 to 1980. Following the dissolution of the Federation of the West Indies in 1962, Saint Kitts-Nevis-Anguilla became a State in association with the United Kingdom of Great Britain and Northern Ireland. In 1967, the Anguillan people staged a number of demonstrations to demand secession from Saint Kitts and Nevis. In the referendum held in July 1967, the vote was 1,813 to 5 in favour of independence. As a result, the legal ties to Saint Kitts were severed. Demonstrations and protracted negotiations were followed by the intervention of British security forces in 1969 and the Anguilla Act of 1971, whereby the United Kingdom reassumed direct responsibility for the administration of the Territory, appointed a Commissioner and provided for the establishment of an Island Council. A separate Constitution came into effect in February 1976. In 1980, the Territory formally withdrew from the Associated State of Saint Kitts-Nevis-Anguilla and became a separate dependency (now Overseas Territory) of the United Kingdom.

3. In 1981 further constitutional talks between the Governments of Anguilla and the United Kingdom were held. The Chief Minister of Anguilla recommended that a new constitution, while not providing for a full measure of internal self-government, should nevertheless grant a substantial degree of additional local responsibility to the Government of Anguilla. The Anguilla House of Assembly approved the changes and the United Kingdom enabled the Anguilla (Constitution) Order to come into force on 1 April 1982. An outline of the Order is provided in the report of the United Nations visiting mission to Anguilla of 1984 (see A/AC.109/799, paras. 19-27). After the general election of 1984, the newly elected Government appealed for wider powers for the Executive Council, as well as for more aid and investment in the Territory's economy and infrastructure from the United Kingdom.

4. The latest Anguilla Constitution (Amendment) Order was adopted in 1990. The current Constitution evolved from the 1976 and the 1982 Constitution Orders and is the fourth Constitution that applies solely to Anguilla.

## C. Population

5. According to the latest census conducted in 2001, Anguilla's population was 11,561. Women made up 51 per cent of the population and men 49 per cent. The average annual increase in the population between 1992 (year of the previous

census) and 2001 was 3.2 per cent. This was a slightly lower increase than the 4.3 per cent between 1984 and 1992. There are several thousand Anguillans living abroad, particularly in the United States of America, the United Kingdom and the United States Virgin Islands.

6. Of the total population, 99 per cent speaks English well enough to carry on a conversation. Spanish or Chinese are the most common mother tongues among non-English speakers. With respect to religion, 29 per cent of the population identified itself as Anglican, and 24 per cent as Methodist. Pentecostal, Church of God, Seventh Day Adventist and Baptist all represented 7 to 8 per cent of the population, while Roman Catholics represented 6 per cent.[2]

## II. Constitutional, legal and political issues

7. According to the Anguilla (Constitution) Order 1982, the Government of Anguilla consists of a Governor, an Executive Council and a House of Assembly. The Governor, who is appointed by the Queen, is responsible for defence, external affairs, internal security, public services and offshore finance. On all other matters, the Governor is required to consult with and act on the advice of the Executive Council. The Executive Council consists of the Governor as Chairman, the Chief Minister, not more than three other ministers and two ex officio members (the Attorney-General and the Deputy Governor). The House of Assembly is elected for five-year terms. It comprises a Speaker, seven members elected from single-member constituencies, the same two ex officio members as in the Executive Council and two members nominated by the Governor, one of whom is appointed after consultation with the Chief Minister and the leader of the opposition.

8. At present the Governor of Anguilla is Peter Johnston, appointed in February 2000.

9. As reported in the 2000 working paper (see A/AC.109/2000/15, para. 8), a constitutional deadlock in 1999 led to a political crisis that was finally resolved by elections in March 2000. Those elections brought to power a coalition formed by the Anguilla National Alliance and the Anguilla Democratic Party led by Chief Minister Osbourne Fleming of the Anguilla National Alliance. The Anguilla National Party is the opposition. The next elections are due by June 2005.

10. In March 1999, the Government of the United Kingdom of Great Britain and Northern Ireland issued a White Paper on the relationship between the United Kingdom and its Overseas Territories, entitled "Partnership for progress and prosperity: Britain and the Overseas Territories" (for the text, see A/AC.109/1999/1 and Corr.1, annex; for key recommendations, see A/AC.109/1999/9, para. 28). The White Paper proposed the extension of British citizenship to the citizens of the Territories; at the same time, it required the Territories to amend their local legislation, in particular on human rights and on the regulation of financial services, to meet international standards. The British Overseas Territories Act 2002 (A/AC.109/2002/2/Add.1) came into force on 21 May 2002. The new law grants the right to full British citizenship to all inhabitants of the Overseas Territories and formally abolishes the term "colony".

11. Within the framework of the White Paper, the Committee for Constitutional and Electoral Reform, appointed in 2001, continued its work throughout 2002 and 2003.

12. According to information provided by the administering Power, the issues brought to light during the Constitutional Review process such as the role of the Governor and his relations with the elected administration (see A/AC.109/2003/11, para. 12), continued to be discussed at the United Kingdom Overseas Territories Consultative Council in London in December 2003. During the meeting, the Chief Minister of Anguilla noted that the Territory had good relations with the United Kingdom and with the Governor. The United Kingdom had been receptive to the concerns of the Territories. The Chief Ministers of all Territories, including Anguilla, were now consulted about the skills and expertise required of new Governors and were informed early of their appointment. While many of the issues raised in the 1999 White Paper had been addressed, the key to partnership, according to the Chief Minister, would be for the United Kingdom to put the Territories into a position from which they could take off. As an example, he suggested that the United Kingdom could provide assistance to Anguilla in the essential airport runway extension without forcing the Territory to sell some of its assets to meet the cost (see paras. 46-54 of the present text).

13. The Governor of Anguilla, speaking at the same meeting, stated that he and the Chief Minister consulted each other regularly. He retained reserved powers under the Constitution, but they were rarely used. At the same time, the Governor considered that there was a need for greater consultation on the international negotiations likely to affect the Overseas Territories. For example, to consult the Territory just before the United Kingdom signed an agreement would be too late. He was also concerned that the implications for the Overseas Territories of the proposed constitution of the European Union had not been properly considered.

14. During the reporting period, the Constitutional Review Committee continued its awareness-raising initiatives in order to deepen public understanding of the Territory's constitutional and electoral laws in the context of the constitutional reform. In addition to town hall meetings where the general public could discuss issues related to the Constitutional Review, the local newspaper opened a section entitled "Constitutional corner", which answered questions about the present Constitution and the proposed changes, and explained to the public how particular provisions of the Constitution worked.

15. In December 2003, a Government-conducted poll indicated that 51 per cent of the island's population were of the opinion that the Constitution needed to be changed; 12 per cent did not feel the need to change it; and 37 per cent had no views on the subject. The survey also registered calls that Anguilla should have a more democratic relationship with the United Kingdom. While the respondents considered that the Attorney-General and the Deputy Governor should remain as members of the Executive Council, they felt that their roles should be changed. On the issue of citizenship, two thirds of those surveyed thought that those acquiring "Belonger" (local citizenship) status through marriage to an Anguillan should have to apply for it rather than get it automatically after a 5-year period.[3]

16. The law of Anguilla is the common law of the United Kingdom, together with all legislation inherited from the former Associated State of Saint Kitts-Nevis-Anguilla up to August 1971 and the local legislation enacted since that date. The

law is administered by the Eastern Caribbean Supreme Court, which comprises a Court of Appeal and a High Court of Justice, courts of summary jurisdiction and magistrate courts.

## III. Budget

17. In December 2003, Anguilla's Minister for Finance and Economic Development introduced in the House of Assembly the 2004 budget document entitled "Real choice for a modern Anguilla".

18. According to the Minister, the 2003 performance indicated that the Government fiscal stabilization programme (2002-2004) was effective. Aspects of the stabilization programme included the following: a 7 per cent cut in budgeted expenditures; a hiring freeze; improved collection of property tax, accommodation tax and business licences; an increase in the embarkation tax; new airline ticket, airport security, and tourism marketing taxes; and a drive to increase revenue from the offshore sector.

19. The 2003 fiscal balance was as follows: recurrent revenue was initially projected at $85 million; real revenue is expected to be $88 million and recurrent expenditure to be $85 million, with a surplus of $3 million; net capital revenue is $15.95 million and local capital expenditure is $11.5 million, with a surplus of $4.45 million. The combined recurrent and capital surplus will therefore be $7.45 million.

20. During the reporting period, the Government continued efforts to control expenditure. For 2003, the expenditure was $85 million, an increase of 3.6 per cent compared to 2002. However, in real terms, with annual inflation of 2.7 per cent, the expenditure remained at a constant level.

21. For the year 2004, recurrent expenditure is planned at $90.3 million. This represents an increase of $5.3 million or 6.2 per cent from 2003.

22. External grants will be provided by the Department for International Development and the Foreign and Commonwealth Office of the United Kingdom, the European Development Fund of the European Union and the United Nations Development Programme. In his budget address, the Minister for Finance and Economic Development noted that the cessation of British development assistance to Anguilla would not take effect until April 2005 (see paras. 25-26 of the present text). Therefore, there is a window in which it will be possible to accelerate and complete the spending of the funds allocated under the current extension of the Strategic Country Programme to 31 March 2005.

23. The major capital projects, including the Wallblake Airport expansion project and road development, will take up more than 90 per cent of the proposed total capital expenditure in 2004.

# IV. Economy

## A. General

24. As reported in the previous working papers (A/AC.109/2001/13, A/AC.109/2002/3 and A/AC.109/2003/11, paras. 22-26), after a decade of rapid growth, the economy of Anguilla slowed in 2000 as a result of natural disasters and the overall global recession. The Government introduced the Strategic Country Programme 2002-2003 aimed at diversifying the economy and preparing it to reduce vulnerability to external shocks. The Government negotiated the new stage of the Programme with the United Kingdom in the middle of 2002.

25. During the reporting period, a significant development was a considerable reduction in assistance and grants from the United Kingdom and other donors. The Government of the United Kingdom intends to end all the technical assistance grants that it currently provides to Anguilla by 31 March 2005. Capital assistance for many critical infrastructure projects has already been terminated. According to the Minister for Finance and Economic Development, the various initiatives of the International Monetary Fund, the Organisation for Economic Cooperation and Development (OECD) and other global bodies in the name of "good governance" make the economic climate for small developing countries like Anguilla very inhospitable. The Minister also noted that in the context of the war on terrorism, traditional donors were reducing their development aid budgets and diverting resources to military efforts.[4]

26. According to local press reports, the Anguilla economy will experience negative consequences as a result of the decision by the Department for International Development of the United Kingdom to reallocate considerable resources to the reconstruction of Iraq. In November 2003, it was announced that aid to Anguilla would be withdrawn completely. About a quarter of the money previously allocated for assistance will be extracted from the Department for International Development 2004 budget. The remainder will be taken from programmes scheduled for 2005-2006. Aid agencies consider that this move breaches undertakings given by the United Kingdom Government that monies would not be directed away from other programmes to pay for Iraq.[5]

27. During the past year, the Government of Anguilla continued its efforts to reorientate the economy and to make it more self-reliant. Tax collection, although slightly improved, remains a problem in the Territory as a result of a weak income base, with $7,500 per capita income. Whereas in the past the Government relied on the inflow of external development grants and concessionary development loans to finance its public investment programmes, the substantial decline of such resources made it necessary to plan more systematically to achieve revenue surpluses for those needs.

28. The decline of assistance obliges the Government to resort to borrowing. As reported in the previous working paper (A/AC.109/2003/11, para. 25), the Government of Anguilla is constrained by its status as a British Overseas Territory from borrowing freely on the money markets. According to the information provided by the administering Power, an agreement between the United Kingdom and Anguilla on borrowing guidelines was signed in December 2003. The Minister for Finance and Economic Development announced that in 2004, the Ministry of

Finance would be strengthened with the addition of a Debt Officer to keep track of debt and a debt coordinating committee would be established to assist with the proper analysis of present and future borrowing needs.

## B. Economic sectors

### Agriculture and fishery

29. Agricultural activity in Anguilla is extremely limited by a combination of factors, including poor soil, the small amount of arable land and irregular rainfall. Notwithstanding the dry conditions and unpredictable rainfall patterns prevailing in Anguilla, agriculture continues to play an important part in the livelihood of the local people. Agriculture and fishing contribute about 2.5 per cent to gross domestic product (GDP).

### Tourism

30. Tourism continues to dominate the Anguillan economy. In 2003, of the total of 109,282 visitors, 67 per cent came from the United States, followed by 6 per cent from the United Kingdom and 4 per cent from Canada. According to the Minister for Finance and Economic Development, the Government's efforts to stimulate investment in Anguilla's tourism sector began to pay dividends. The Tourist Board and the Anguilla Hotel and Tourism Association activities are also having a positive impact. In particular, the Anguilla Tranquillity Jazz Festival launched in conjunction with Black Entertainment Television resulted in an unprecedented level of exposure for Anguilla in the United States market. In June 2003, the Anguilla Tourist Board participated in an annual tourist convention in Puerto Rico in order to expose Anguilla to that market of more than 1.2 million potential travellers. As part of the promotion campaign, articles describing the beauty and comfort of Anguilla resorts appeared in American and European newspapers.[6]

31. Another initiative was the first ecotourism project launched in October 2003 with the participation of the Anguilla National Trust, the Foreign and Commonwealth Office environmental fund and the Royal Society for the Protection of Birds. The project aimed to demonstrate that preservation of biodiversity had positive impact on the economy. According to the Governor of Anguilla, the project was not only for tourists but also for the education and enjoyment of the people of the island.[7]

32. According to the Chairman of the Tourist Board, the Government plans to allocate $2.3 million for marketing. The plan aims to increase the number of visitors by some 20,000 and raise hotel occupancy rates from 45 to 65 per cent.

### Finance

33. Anguilla has a small but rapidly expanding international finance sector, specializing in trust and company registration, which brings in about 13 per cent of the Territory's GDP. Anguilla entered the field of financial services relatively late, the key legislation having been passed in 1994. There are no income, estate or capital gains taxes. Nor are there any exchange controls, and, although the official currency is the Eastern Caribbean dollar, the United States dollar is commonly used.

34. As reported in the previous working papers (see A/AC.109/2001/13, paras. 31-35, A/AC.109/2002/3, paras. 43-47, and A/AC.109/2003/11, paras. 33-39), Anguilla's financial services largely meet current international standards. In March 2002, Anguilla committed to cooperate with the Organisation for Economic Cooperation and Development and was removed from the list of uncooperative tax jurisdictions.[8] During the reporting period, Anguilla continued to improve its legislation and further develop its financial services.

35. In order to further develop and strengthen the financial sector of the economy in 2003, the Government of Anguilla prepared several legislative acts to be passed in the first half of 2004. An insurance act 2004 will establish the Territory as a captive insurers domicile for both domestic and foreign insurance business. According to the Director of Financial Services of Anguilla, the Territory currently has a strong financial infrastructure that is ahead of nearly every jurisdiction in the world because the company's registry is totally electronic. In order to attract captives, the Government would need to build up its reputation and credibility. To that end, it intends to bring in well-qualified regulators and spend money to promote the venue. As a "zero-tax" jurisdiction, Anguilla is competing with well-established giant financial centres in Bermuda and the United States, as well as with those elsewhere in the Caribbean.[9]

36. Anguilla's Mutual Funds Act 2004, to be passed in the first half of 2004, will provide for the regulation, authorization and control of mutual funds and their managers and administrators carrying on business in or from within Anguilla. The types of mutual funds envisaged are private, professional and public. A final piece of new legislation to be passed during the first half of 2004 in Anguilla will be the Protected Cell Companies Act.[10]

37. In November 2003, the House of Assembly passed the Financial Services Commission Act. The Commission focuses on licensing, supervision of licensees, monitoring of financial services in general, reviewing existing financial services legislation and making recommendations for new legislation, as well as maintaining contact with appropriate foreign and international regulatory authorities.[11]

38. Currently, Anguilla has in place effective anti-money laundering legislation, including the Proceeds of Criminal Conduct Act, 2000; the Money Laundering Reporting Authority Act, 2000; the Anti-Money Laundering Regulations; the Guidance Notes on the Prevention of Money Laundering; and the Criminal Justice (International Cooperation) (Anguilla) Act. Over the next 12 months the Government of Anguilla will be reviewing its proceeds of crime legislation and other areas of anti-money laundering regulation to ensure compliance with the requirements of the international regulatory bodies, in particular the revised 40 recommendations of the Financial Action Task Force on Money Laundering, as well as the eight special recommendations on terrorist financing.

39. An important component of the financial service industry of the Territory is the Anguilla Commercial Online Registration Network (ACORN). At present, it allows 95 per cent of all documents, including new registrations, to be filed electronically by locally licensed service providers and their approved overseas agents. The exemplary performance of the Network was noted in the review of Anguilla's financial services by the Klynveld Peat Marwick and Goerdeler consultants who stated, "Of particular note is the development of the ACORN company registration system and the operation of the company registry in general,

which we consider to be an example of how online registration can be developed in a well regulated manner." Recently, the Network was given the ability to incorporate electronically companies with Chinese characters representing the name. The other languages currently available on the Network include French, Spanish and Russian (Cyrillic alphabet).[12]

40. With respect to the European Union Taxation of Savings Directive requiring the cross-border taxation of savings accounts (see A/AC.109/2003/11, para. 36), during the meeting of the Overseas Territories Council in December 2003, the Minister for Finance and Economic Development expressed concern that the Territory could find itself in an unfavourable position compared to independent Caribbean competitors not affected by the Directive who could benefit from business flight from the Overseas Territories. He also noted that a study of the potential economic impact of the Directive on the economies of the Overseas Territories was not satisfactory and that the impact could be accurately assessed only after the Directive was implemented.[13]

## C. Transport

### General

41. According to 1998 estimates, Anguilla had a total of 279 kilometres of roads, of which 253 were paved. The continuation of the Government's road improvement programme was the second priority of the capital budget (after development of the airport).

42. In 2003, two road construction projects were ongoing throughout the island. The first one, the Hurricane Lenny road rehabilitation project, involved the reconstruction of roads in Shoal Bay West, Sandy Ground, George Hill, the Quarter, East End and Island Harbour, which were damaged by Hurricane Lenny. Funding for the project was provided through a loan of $9.9 million obtained from the Caribbean Development Bank. The second project was the Little Harbour to Blowing Point Road, constructed at a cost of $5.4 million through a grant from the European Development Fund.[14]

43. The 2004 budget allocated a record amount of $67.61 million to capital expenditure in order to provide funding for vital public infrastructure. The expenditure will cover primarily the completion of road development programmes commenced in 2003 and the implementation of additional essential road construction delayed for a number of years. The airport project and road development together will account for 82.6 per cent of total capital spending in 2004.

### Seaports

44. Anguilla has two ports, one at Blowing Point and the other at Road Bay. As of December 2001 Anguilla had three ships registered with Lloyd's of London, with a total displacement of 701 tons.[15]

45. At the Overseas Territories Council meeting in London in December 2003, the Chief Minister said that Anguilla would find it potentially profitable to be able to raise the size of ships that could be registered. He also reported that the Territory was unable to police its territorial waters and was thereby unable to prevent illegal

fishing. He argued that occasional visits to Anguilla's waters by the Royal Navy vessel would help deter poaching.

**Airports**

46. Anguilla has three airports, two of which are unpaved and have runways less than 1,000 metres long. The main airport, Wallblake, is paved and has a runway of 1,100 metres. As there are no refuelling facilities, aeroplanes can land only when carrying enough fuel to return, limiting the loads they may carry. The Government's top capital expenditure priority in 2001 was the acquisition of land near the airport in order to begin expanding it in 2002.

47. As reported in previous working papers (A/AC.109/2002/3, para. 51, and A/AC.109/2003/11, para. 45), the Government continued to work on the extension of the runway of Wallblake Airport. Initial plans to extend the runway up to 4,600 feet have been modified to 5,606 feet. The latest proposal is to further increase the length of the runway up to 6,000 feet with no additional cost in construction.[16]

48. Of the total $67.61 million in capital expenditure, the expansion of Wallblake Airport will account for $49.22 million or 72.8 per cent. The amount of $40.5 million for the financing of the project will come from commercial bank loans. Proposals from a number of commercial and merchant/investment banks are now under evaluation. Sixty-seven per cent of the borrowing will be repaid from the European Development Fund allotment over a three-year period. The main source of funds for the acquisition of land and resettlement will be the sale of shares of the Anguilla Electric Company (see paras. 12 and 54 of the present text).[17]

49. According to Government sources, during the past year the housing and business relocation scheme, project design and tender process were completed on time and within budget, the Government of the United Kingdom approved the project financing plan and the European Union approved the grant funding. The major portion of expenditure related to the Wallblake Airport expansion project was directed towards building nine homes and businesses to relocate persons as a consequence of the airport expansion.

50. At the same time, a legal dispute exists between the Government and the owners of the Forest Estate over the Government's decision to compulsorily acquire a portion of the Estate for the airport project. The dispute might delay the scheduled start of the project and subsequently its completion by August 2004. Completion of the project by August 2004 is especially important in order to accommodate delivery of the larger aircraft purchased from the United States.

51. As a long-term objective, the Government has formulated a medium-term air transport facilities and services development framework designed to deliver the following objectives: extended runway and upgraded terminal in use by September 2004; restructured airport operations and creation of an airport authority to commence by January 2005; Airport master plan for future development by January 2005; and an increase in tourist arrivals through Wallblake Airport at an annual average rate of 10 per cent over the period 2003-2005.

52. In addition to the extension of the runway of Wallblake Airport, the Government intends to strengthen the air transport sector in general. For a tourism-led economic model such as that which exists in Anguilla, the development of adequate tourism facilities of a high calibre, efficiently operated and maintained, is

paramount. In the 2004 budget, the considerable amount of 3.8 million Eastern Caribbean dollars has been allocated to the Airport and Seaports Department. The expanded and improved air transport facilities and services would facilitate increased visitor arrivals and allow the Government to generate greater surpluses from tourism.

### D. Communications and electricity

53. Anguilla has a modern internal telephone system and a microwave relay to St. Maarten/St. Martin for international calls. The system is operated under a monopoly by Cable & Wireless Ltd., which has a number of Caribbean franchises. The communications sector accounts for 11.9 per cent of real GDP. Among measures to improve the economic situation in the Territory, the Government proposed the liberalization of the telecommunications sector.

54. In 2003, the Government fulfilled a long-standing commitment to make some of the shares of the Anguilla Electricity Company available to the general public. The response to the public offering was strong. With the share issue closed on 1 September 2003, the Government received $15.95 million from the sale. The proceeds are added to the Government's capital revenue for 2003 (see paras. 12, 57 and 59 of the present text).

## V. Social conditions

### A. General

55. Living standards and social indicators in Anguilla compare favourably with those of other countries in the region. Per capita income is approximately $7,500. The literacy rate is 95 per cent. According to the results of the 2001 census, the life expectancy for a female at birth is 78 years, while for a male it is 77.9 years, showing a considerable increase from 1974 when it was 69 years for females and 65 years for males.

56. Anguilla has had a social security scheme since 1982. In 2001 the Government announced plans to establish a permanent programme within the Social Security Board to assist the elderly and other economically deprived groups. The first civil servants appointed at the time of the so-called Anguillan revolution in 1967 are reaching retirement at age 55. The Territory is faced with the situation where the ratio of persons on pension to working civil servants will change from 1 pensioner to 6.23 working civil servants at the present time, to 1 pensioner to 4.2 working civil servants in 10 years and to 1 pensioner to 2.28 working civil servants in 30 years. This means that the system of non-contributory pension with a retirement age at 55 will no longer be sustainable.

57. In recent years, the Government has been working on the pension reform that will replace the non-contributory pension system with a contributory one. The reform was implemented with the new legislation passed by the House of Assembly in December 2003. Under the new legislation, all qualifying civil servants will receive a small increase in salary in 2004, from which deductions will be made and paid into a contributory pension scheme. The normal retirement age is also

increased to 60, and to 65 for certain categories of workers. The new pension scheme is designed to ensure the long-term security of public servants even after retirement.

## B. Education

58. Education is free and compulsory between the ages of 5 and 14. There are six government primary schools and one government secondary school, the Albena Lake-Hodge Comprehensive. As part of the government policy to enable Anguilla to meet both its present and future needs, the problem of overcrowding is being addressed by the construction of another campus, as well as the implementation of curriculum reforms.

59. According to the Minister for Finance and Economic Development, in 2004 the Government will continue efforts to provide tertiary training for youth and young adults, despite the fact that budget allocations to that area have been reduced over the years. One of the problems related to the tertiary training is that some of the students — recipients of Government scholarships — do not return to work in Anguilla after they study outside the Territory. Speaking at the House of Assembly, the Minister appealed to lawmakers to find ways to alleviate the situation and to encourage those who benefited from scholarships in the past and who have not given due service to the people of Anguilla to repay their bonds.

60. In 2004, the Department of Education will receive $13.3 million, which is 14 per cent of the total recurrent expenditure.

## C. Public health

61. Despite the economic problems, the Government remains committed to providing primary health care for all Anguillans. Its health priorities include the conversion of the Princess Alexandra Hospital to a statutory health authority, the strengthening of the Primary Health Care Department, the expansion of mental health and psychiatric services, the development of the Environmental Health Section of the Primary Health Care Department, and the improvement of the coverage and quality of solid-waste disposal services. The Government also planned to transform the Primary and Secondary Health Departments into a Health Authority. Among the priorities will be the expansion of the Water Laboratory, the completion of the maternity suite at the Princess Alexandra Hospital and the completion of the dialysis facility.

62. The United Kingdom Department for International Development is funding the health sector strategy to support the Government of Anguilla in health sector reform.

63. Starting with January 2004, the structure of the Ministry of Social Development of Anguilla, which traditionally incorporated the Education, Primary Health Care, Secondary Health Care and Community Development Departments and the Sports Directorate, has been changed. The Primary Health Care and Secondary Health Care Departments ceased to exist and those services will be provided through the Anguilla Health Authority. The formation of the Anguilla Health Authority was a long-time commitment of the Government dating from the time it

assumed office in 2000. Under the new arrangement, the Ministry of Social Development will perform a policy-making and regulatory role as it relates to health services.

64. The 2004 budget makes provision for $11 million for the Anguilla Health Authority, which will be provided by a subvention through the Ministry of Social Development. Expenditure on health services accounts for 12.6 per cent of the recurrent expenditure estimates.

### D. Crime

65. The crime rate in Anguilla is relatively low by regional standards. During the course of 2003, responsibility for the prison was transferred to the Ministry of Social Development. This step was aimed at putting a greater focus on rehabilitation of convicted criminals and therefore reducing the number of repeat offenders. In addition, the Royal Anguilla Police Force was strengthened with the addition of new recruits and through the filling of vacant posts.

66. In 2004, Anguilla will receive assistance in the area of crime prevention at the regional level within the framework of the Organization of Eastern Caribbean States Development Strategy. According to the information provided by the Organization of Eastern Caribbean States, the assistance will concentrate on developing appropriate programmes to eliminate antisocial behaviour. The programmes will focus, among other things, on implementing national juvenile policy; developing a probation service; and supporting legislation and alternative sentencing mechanisms.

## VI. Relations with international organizations/arrangements

67. Anguilla is a member of the Eastern Caribbean Central Bank, the Organization of Eastern Caribbean States and an associate member of the Association of Caribbean States and the Economic Commission for Latin America and the Caribbean and of the Caribbean Community and Common Market. As a dependency of the United Kingdom, Anguilla has the status of Overseas Territory in association with the European Union.

68. The Government of Anguilla cooperates directly with other Caribbean Governments and participates in regional projects of the international organizations and agencies.

69. In May 2003, Anguilla hosted the seventh Annual Public/Private Sector Policy Forum organized by the Caribbean Centre for Development Administration. The Forum was devoted to leadership and good governance issues. Addressing the Forum, the Chief Minister underlined, among other things, the importance of the cooperation between the private and public sectors of the economy. Good governance issues are at the heart of the sustainable development efforts by the Anguillan Government. The practical examples of Anguilla's commitment and openness in the private sectors were the liberalization of the electronic media and the unrestricted talk shows and discussion programmes. According to the Minister, Anguilla, a 35-square mile island with a population of 13,500 people, has six radio stations, which indicates that the people are free to express themselves.

Representatives of non-governmental organizations and civil society were included on committees and boards that manage various aspects of development, particularly tourism and environment. At the meeting, the Minister shared with the participants the experience of Anguilla in holding town meetings to discuss every major piece of legislation and policies.[18]

# VII. Future status of the Territory

## A. Position of the territorial Government

70. The constitutional review is being undertaken by the Constitutional Review Committee, set up by the territorial Government in cooperation with the administering Power and with the assistance of the United Nations Development Programme.

71. In May 2003, the Government of Anguilla, in collaboration with the United Kingdom, hosted the Caribbean Regional Seminar on Advancing the Decolonization Process in the Caribbean and Bermuda organized by the Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples (see A/58/23, chap. II, annex). The landmark nature of the seminar, held for the first time in history in a Non-Self-Governing Territory, was welcomed by the international community.

72. The Seminar had a notable educational impact on both the leadership and the civil society in the Territory and triggered a useful discussion related to the political, economic and social aspects of Anguilla's status as a Non-Self-Governing Territory and its options in achieving self-determination.[19]

73. At the meeting of the Overseas Territories Consultative Council in London in December of 2003, the Minister for Finance and Economic Development of Anguilla presented a paper criticizing the attitude of the United Kingdom towards self-determination for the Territories. He gave examples of perceived inconsistencies between the stated international commitment to self-determination by the Government of the United Kingdom and certain negative messages given to the Territories. According to the paper, the partnership enshrined in the 1999 White Paper was a colonial relationship, not one of political equality. The Minister urged the United Kingdom not to shut the door on "free association," which, in his view, could be based on a model agreed by the two parties, and called to work together towards political equality for Territories. The removal of the United Kingdom power to legislate in the Territories would be a precursor for such equality, which is in itself a key criterion for removal of a Territory from the United Nations list of Non-Self-Governing Territories. Otherwise, the paper stated, the Overseas Territories would remain dependencies. The paper also referred to the lack of information in the Territories.

74. The concept of free association was also touched on by the Minister for Finance and Economic Development in his budget address to the House of Assembly in December 2003. He stated that during the public consultations, the concept of free association with the United Kingdom received quite some attention. He viewed it as a "halfway house" towards full independence, whereby Anguilla would attain a measure of full internal self-government, with defence and external

relations remaining the preserve of the United Kingdom. He considered that the best known example of a free association arrangement is that of the Cook Islands and Niue in free association with New Zealand. He underlined that constitutional development was a fundamental right of a people and was enshrined in many resolutions of the United Nations. Consequently it was the view of the Government of Anguilla that Anguillians must have more scope when it comes to choosing their way forward constitutionally. He firmly believed that any attempt by the Government of the United Kingdom to determine or constrain the constitutional and electoral reform process would not be in line with United Nations mandates.[20]

## B. Position of the administering Power

75. In his statement at the 2nd meeting of the Special Political and Decolonization Committee (Fourth Committee) on 6 October 2003 (see A/C.4/58/SR.2), the representative of the United Kingdom said that his Government welcomed the opportunity as an administering Power to bring to the Committee's attention a number of significant developments that had taken place during the year. Following the adoption in 2002 of the British Overseas Territories Act, which granted all citizens of those Territories full British citizenship, the right of abode in the United Kingdom and freedom of movement within the European Union, over 14,000 passports had been issued as at August 2003. As for environmental management in the Overseas Territories, his Government was working closely with the Territories in order to fulfil the commitments it had entered into under multilateral agreements and to support the efforts of the Territories themselves to protect and improve the environment.

76. With respect to the constitutional reviews, discussions were under way in the Cayman Islands, the Falkland Islands (Malvinas), Gibraltar, Montserrat and the Turks and Caicos Islands. The authorities of Anguilla had set up a Committee to canvass views from the population at large, and a locally appointed review commission was expected to be established shortly in the British Virgin Islands. St. Helena was currently considering a new form of Government. In terms of the Committee's specific interests two years into the Second International Decade for the Eradication of Colonialism, perhaps the most significant development had been the decolonization seminar held in Anguilla from 20 to 22 May 2003, since it was the first time that the seminar had been held in a British Non-Self-Governing Territory. The choice of venue and the focus of the seminar had meant that several chief ministers and their equivalents, as well as opposition leaders and civil society representatives, had been able to attend. The representative of the United Kingdom said that the seminar had shown the extent to which many of the British Overseas Territories had dynamic and advanced economies, which already benefited from a high degree of self-government.

77. As seen from London, he said, the United Kingdom had the impression that there was no strong desire in its Territories to choose the path of independence, even though his Government had made it clear that it would give every encouragement if they chose to do so, where independence was an option. The key, therefore, as long as the Territories chose to retain their link with the United Kingdom, would be to try to reconcile their desire for ever greater autonomy and self-government with the United Kingdom's responsibility to ensure good governance, protect the impartiality

of the public service and the independence of the judiciary and ensure compliance with relevant international obligations.

78. In his closing remarks during the Overseas Territories Consultative Council held in London from 8 to 10 December 2003, referring to the role of the Governors and constitutional reform, the Parliamentary Under-Secretary of State said that it was based on the principle of partnership. According to the Under-Secretary, the concept of free association advanced by the United Nations Committee of 24 would not be inconsistent with that, if it meant mutual acceptance by both sides, because the United Kingdom Government had responsibilities to protect. However, if it meant, as he sensed some territorial Governments were arguing, that some Territories would draw their own constitutions free of outside interference, the United Kingdom would not agree with that. The Under-Secretary went on to add that his Government valued its relationship with the Territories. It would not wish to force them into independence, although it would respond positively where it would be an option (for example, not Gibraltar) if that were the clear and constitutionally expressed wish of the people. The United Kingdom respected the fact that for some Territories this might be the long-term objective. He stressed, however, that while the Territories retained a link with the United Kingdom, their governance should be in partnership with it.[21]

## C. Consideration by the United Nations

79. On 9 December 2003, the General Assembly adopted resolutions 58/108 A and B. Section II of resolution 58/108 B is devoted specifically to Anguilla.

*Notes*

[1] The information contained in the present report has been derived from published reports and from information transmitted to the Secretary-General by the Government of the United Kingdom of Great Britain and Northern Ireland under Article 73 *e* of the Charter of the United Nations.

[2] *Demography, Culture, Migration, Crime, Marital Status and Fertility of the Resident Population of Anguilla according to the May 2001 Census*, Statistic Department, Ministry of Finance, Government of Anguilla, available from http://www.gov.ai/statistics/census/index.htm.

[3] *The Anguillian*, 27 June, 18 August 2003; "Anguilla: government poll shows that 51 per cent want changes to constitution", *BBC Monitoring Americas*, 31 January 2004.

[4] "Budget address 2004", www.radioaxa.com/profiles/budget.htm.

[5] "Pounds 100m aid reshuffle hits 20 countries: Britain retreats from overseas commitments to pay for Iraq", *The Guardian*, 7 November 2003.

[6] *Financial Times*, 18 July, 29 November 2003; *Chicago Sun-Times*, 18 January 2004; *The Anguillian*, 19 June, 10 November 2003, 27 January, 13 February 2004; and *TravelVideo.TV*, 27 January 2004, available from http://travelvideotv.

[7] *The Anguillian*, 9 October 2003.

[8] "Commitment of Anguilla", letter from the Minister for Finance of Anguilla to the secretary-general of the Organisation for Economic Cooperation and Development, 5 March 2002, available from http://www.oecd.org.

[9] *National Underwriter*, 26 May 2003.

[10] Mondaq legal, regulatory and financial commentary and information service, available from http://www.mondaq.com.

[11] http://www.Mondaq.com.

[12] http://www.Mondaq.com.

[13] Information provided by the administering Power.

[14] *The Anguillian*, 5 September 2003, and "Budget address 2004", available from http://www.radioaxa.com/profiles/budget.htm.

[15] *Europa World Yearbook 2002*, "United Kingdom Overseas Territories: Anguilla".

[16] *The Anguillian*, 15 May 2003.

[17] *The Anguillian*, 27 June 2003.

[18] *The Anguillian*, 5 May 2003.

[19] *The Anguillian*, 22 May, 19 June and 27 June 2003.

[20] http://www.radioaxa.com/profiles/budget.htm.

[21] The fifth Overseas Territories Consultative Council, report of the proceedings, 8-10 December 2003, annex F, closing remarks by Bill Rammell.

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**Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples**

# New Caledonia

**Working paper prepared by the Secretariat**

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# I. General

1. New Caledonia[1] is located in the Pacific Ocean, about 1,500 kilometres east of Australia and 1,700 kilometres north of New Zealand. It comprises one large island, known as Grande Terre, and smaller islands known as the Loyalty Islands (Ouvéa, Maré, Lifou and Tiga), the Bélap Archipelago, the Isle of Pines and Huon Islands. There are also several uninhabited islands to the north of the Loyalty Islands. The area of Grande Terre is 16,750 square kilometres, and that of the Territory is 19,103 square kilometres. Nouméa, the capital, is located in the south of Grande Terre. The Territory is divided into three provinces, South and North (on Grande Terre) and the Loyalty Islands.

2. According to the 1996 census, the population was 196,836, comprising indigenous Melanesians known as Kanaks (42.5 per cent); persons of European origin, mainly French (37.1 per cent); Wallisians (8.4 per cent); Polynesians (3.8 per cent); and others, mainly Indonesians and Vietnamese (8.2 per cent). The census also showed almost half the population to be under 25 years of age. In January 2002, the Statistics Office estimated the population to be 215,904 and projected that by 2025 the figure would rise to 332,000.[2] The majority of the population (68 per cent) lives in the South Province, mainly around the greater Nouméa area, while 21 per cent live in the North Province and only 10.6 per cent in the Loyalty Islands. In 1996, the native Kanak population made up 77.9 per cent of the population of the North Province and 97.1 per cent of the population of the Islands, but only 25.5 per cent of the population of the South Province. With respect to the Territory's second-largest population group, persons of European origin, 89 per cent live in the South Province. The official language is French and about 28 Melanesian-Polynesian dialects are spoken.

3. The political and administrative structures of New Caledonia have been fundamentally altered by the Nouméa Accord (A/AC.109/2114, annex), signed in May 1998 between the Government of France, the pro-independence Front de libération nationale kanak socialiste (FLNKS) and the integrationist Rassemblement pour la Calédonie dans la République (RPCR). Under the terms of the Accord, the New Caledonian parties opted for a negotiated solution and progressive autonomy from France rather than an immediate referendum on political status. The transfer of powers from France began in 2000 and is to end in 15 to 20 years, when the Territory will opt for either full independence or a form of associated statehood. The political and legislative process that is under way and the new institutional arrangements in place in New Caledonia are described in section II below. The characteristics of New Caledonia's economy and employment, as well as current efforts to implement a policy of redressing economic and social imbalances between the more prosperous South Province and the less developed North Province and Loyalty Islands, are described in section III.

# II. Political situation

## A. Background

4. The Nouméa Accord provided for a number of steps towards a negotiated consensual solution for the future of the Territory. As stated in the preamble to the

agreement, that solution would define the political organization of New Caledonia and the arrangements for its emancipation over the next 20 years. Among the steps to be taken were constitutional amendments, the creation of new institutions, the full recognition of Kanak identity and rights, the establishment of parameters for the electorate and the gradual transfer of powers from the French State to the New Caledonian authorities.

5. On 6 July 1998, the French Parliament passed, by 827 votes to 31 a constitutional reform that inserted two articles, 76 and 77, into its constitution. Article 76 provided that the people of New Caledonia would be called upon before 31 December 1998 to express their views on the provisions of the Nouméa Accord. Article 77 provided that, following approval of the Accord, a constitution would be submitted to a vote in Parliament in order to enable New Caledonia to move forward on the basis of the Accord.

6. Prior to the referendum, the two major parties of New Caledonia, FLNKS and RPCR, had both campaigned for approval of the Accord among their respective constituents. The Accord was ratified by New Caledonians in a referendum held on 8 November 1998. With 74 per cent of the electorate voting, 72 per cent voted in favour of the Accord.

7. Following the referendum, the Nouméa Accord provided for the renewal of relations between France and New Caledonia to be translated into a draft organic law and an ordinary law, which were presented in the French Parliament and ratified on 19 March 1999. The Organic Law codified constitutional matters, namely, the powers that would be transferred to the newly created institutions in New Caledonia, the organization of those institutions, rules concerning New Caledonian citizenship and the electoral regime, conditions and deadlines by which New Caledonians would determine their accession to full sovereignty. The Ordinary Law dealt with other matters mainly economic and social, covered in the Nouméa Accord.

8. The issue of eligibility to vote in future elections in New Caledonia also required legislative action during 1999 (see A/AC.109/2000/4, para. 22). Still pending is the scheduling of a special session of the French Congress (a joint sitting of the National Assembly and the Senate) to ratify a constitutional amendment establishing that only those persons who have resided in the Territory for a specified number of years should be eligible to vote in a future referendum on self-determination. In this respect, in July 2002, the United Nations Human Rights Committee rejected a claim lodged by an association of voters in New Caledonia alleging that their exclusion from the voter registry for a future referendum was discriminatory and that the cut-off dates for voters were excessive. The Committee ruled that this was not a violation of the International Covenant on Civil and Political Rights because the cut-off dates set for referendums from 2014 onwards were not excessive "inasmuch as they are in keeping with the nature and purpose of these ballots, namely a self-determination process involving the participation of persons able to prove sufficiently strong ties to the territory whose future is being decided".[3]

## B. The new governmental structure

9. New Caledonia continues to vote in French presidential elections and to elect one member of the French Senate and two members of the French National

Assembly. However, as a result of the entry into force of the Organic Law in 1999, a new governmental structure was created in the Territory, as described below.

10. The Congress is the legislative assembly of New Caledonia. It comprises 54 members, consisting of 7 members from the Provincial Assembly of the Loyalty Islands, 15 from the Provincial Assembly of the North Province and 32 from the Provincial Assembly of the South Province. Members are elected for five years.

11. The Government is the executive power of New Caledonia and is headed by the President. It is elected by the Congress and is responsible to it. It is composed of between 5 and 11 members, the exact number to be fixed by Congress prior to the election of the Government. The Government prepares and executes the decisions of Congress, names public and administrative officers, oversees the execution of public works, manages local resources, gives its opinion regarding projects that involve the mines in the Territory and prepares the codification of the Territory's laws.

12. The provincial assemblies are responsible for all matters relating to the province that are not directly attributed to the President of the Provincial Assembly. The President of the Provincial Assembly acts as the executive of the province and, as such, is responsible for the administration of the province and the management of public employment at the provincial level. Members of the Assembly are elected for five years.

13. The Economic and Social Council advises the Government on projects and possible laws that have an economic or social character. It comprises 28 representatives of professional, labour and cultural organizations, 2 members designated by the Customary Senate and 9 personalities that are representative of the economic, social and cultural life of New Caledonia, designated by the Government on the advice of the provincial assemblies.

14. The Customary Councils are a parallel set of institutions in eight areas and are designed to accommodate the full political recognition of the Kanak identity. In addition, there is a Territory-wide Customary Senate, comprising 16 members, 2 selected by each Customary Council. The Customary Senate is represented in the Economic and Social Council, the Administrative Council, the Consultative Council on Mines and local development agencies. The Customary Senate and the Councils are to be consulted by the executive and legislative organs of New Caledonia on matters that have to do directly with the Kanak identity.

## C. Recent political developments

15. Following the ratification of the Nouméa Accord by the people of the Territory and the codification of its provisions into French law, New Caledonia is no longer considered an Overseas Territory. Instead, the Government of France describes it as a community sui generis, which has institutions designed for it alone to which certain non-revocable powers of State will gradually be transferred. According to the administering Power, the institutions created under the Nouméa Accord continued to function properly throughout 2003, and the pro-independence parties and the pro-integration parties continued to be committed to the implementation of the Accord.

16. The principal political parties in New Caledonia continue to be the pro-integration Rassemblement, the former RPCR, which, despite the name change, is

still usually referred to as RPCR, the pro-independence FLNKS, which groups together several smaller pro-independence parties, and the moderate pro-independence Federation des comités de coordination indépendantistes (FCCI), which broke with FLNKS to support the RPCR-dominated Government.

17. On 24 September 2003, New Caledonia celebrated the one hundred and fiftieth anniversary of French rule in a festival called "150 years and beyond" The annual celebration is, however, divisive, as many Kanaks still regard it as a day of mourning, and there have been calls for the national day to be moved to 26 June to commemorate the signing of the 1988 Matignon Accord, which brought to a close a period of ethnic conflict and paved the way for negotiations on autonomy. The Government tried to make the festival more inclusive by constructing a Kanak totem pole in the main square in Nouméa but, during the event the mayor of Nouméa opposed the location and the totem pole was instead erected in Nouméa Bay.[4]

18. The last elections for Congress, the legislative body of New Caledonia, were held in May 1999. RPCR took 24 of the 56 seats, followed by FLNKS, which obtained 18 seats. The next election is scheduled for May 2004.

19. In April 2001 the members of Congress elected New Caledonia's executive Government. Pierre Frogier, a member of RPCR and the French National Assembly, was elected New Caledonia's second President. Dewé Gorodey, a Kanak university professor and a member of FLNKS, was elected Vice-President, the first woman to hold this position. The integrationists were still the majority in the new Cabinet, holding 7 out of 11 seats; RPCR held six portfolios and its ally, FCCI, held one. On the pro-independence side, FLNKS received three portfolios, and one of its parties, Union calédonienne (UC), received one. Subsequently, FLNKS lost one of its three seats after the French State Council ruled that there had been electoral irregularities, a decision that further strengthened the pro-integration RPCR/FCCI coalition.

20. Political stability in New Caledonia is further undermined by the existence of the "collegiality clause" of the Nouméa Accord, which states that if a member of the 10-member cabinet resigns and there is no replacement from his or her party, the whole Government will have to be re-elected by a vote in the Congress. The resignation of a Kanak minister, who expressed disappointment over the lack of collegiality or power-sharing in the Government, triggered such a re-election in November 2002. There is a risk that disgruntled parties could resort to the clause again in order to force a fresh election.[4]

21. Another territorial institution, the Customary Senate, considered to be the guarantor of Kanak identity, was formally constituted on 27 August 1999. The Senate, which has a rotating presidency to accommodate each of the seven customary areas, selected a new chief, Gabriel Poadae, in September 2003. Mr. Poadae has said he will focus on indigenous rights to New Caledonia's nickel resources, the teaching of indigenous languages in schools and the mapping of traditional lands.[4]

22. The last of the territorial institutions, the Economic and Social Council, was formally established on 2 February 2000. It is composed of 39 members, of whom 28 represent professional organizations, labour unions and associations that reflect the economic, social and cultural life of New Caledonia. The Council continues to be consulted by Congress on all economic and social matters.

23. Regarding French State institutions, in the French Senate elections held in September 2001, incumbent Simon Loueckhote of RPCR was elected New Caledonia's Senator for a further nine years. Regarding the French presidential elections, Jacques Chirac (Rassemblement pour la République), obtained 80.72 per cent of the New Caledonian vote and Jean-Marie Le Pen, 19.58 per cent.[5] In the June 2002 elections for the French National Assembly, New Caledonian voters returned two members of the pro-integrationist RPCR to their seats, namely, Jacques Lafleur, who has held the seat in Paris for 24 years, and the current President, Pierre Frogier.[6]

24. Regarding the official representation of the French State in the Territory, there was a change in the post of High Commissioner. In July 2002, Daniel Constantin succeeded the outgoing High Commissioner, Thierry Lataste.[7]

25. As envisaged in the Nouméa Accord, in 1999 the new institutions began to enact laws of the country (*lois du pays*), which have the full force of law and can be contested only before the Constitutional Council. Since 1999, 24 of these laws have been adopted. According to the latest available material during the period under review, the 10 laws adopted in 2002 related, inter alia, to social security, tax regulations in the mining and metallurgy sectors, community electricity taxes and the public maritime area.

26. Also set out in the Nouméa Accord are the powers to be exercised in association between the French State and New Caledonia, namely: external relations; entry and stay of foreign nationals; law and order; gambling; audio-visual communication; research and higher education; and secondary education. A number of other services and jurisdictions are to be gradually transferred from the State to the Government of New Caledonia (see A/AC.109/2001/14, para. 21). In 2003, steps were taken to finalize the transfer of the services for labour inspection, foreign trade, primary education, mining and energy. According to the Government of France, two State bodies, the Institut de formation des personnels administratifs and the Office des postes et télécommunications, were transferred in 2003. A number of other powers are to be transferred in a second stage, from 2004 to 2009. Future transfers of jurisdictions are expected in 2004 and will involve the police and the education and trade sectors.

27. In spite of the considerable institutional and administrative advances described above, progress continues to be hindered by the friction between RPCR and FLNKS, owing to their differing interpretations of collegiality in Government matters. The debate has grown out of the absence of any precise definition of collegiality in the Organic Law of 1999, which simply states that the Government is responsible collegially and jointly for matters within its competence. The differences between positions on the concept of collegiality and other sensitive issues such as voter eligibility and mining initiatives remained throughout the review period (see A/AC.109/2002/13, para. 25). In October 2002, FLNKS members of the Cabinet refused to move from the Cabinet's downtown building into new Government premises, alleging that the new building was an "annex" to the headquarters of the RPCR-dominated South Province. The FLNKS spokesperson stated, "What we want is a Government that is located on neutral grounds. This is the only way to protect the Nouméa Accord and to pave the way for a real power-sharing."[8] A few weeks later, broad discontent with RPCR's alleged lack of consultation in Government matters was also expressed by pro-independence UC member Gerald Cortot when he

resigned his seat, thereby triggering new elections (see paras. 19 and 20 above). President Frogier considered the resignation to be a non-event that only cast discredit and a waste of everyone's time. After the 28 November congressional vote that returned a virtually identical Cabinet to power, the President stated that power-sharing and collegiality principles were not tantamount to "a right of veto".[9] According to the administering Power, notwithstanding some disagreement, the New Caledonian political scenario was perceived to be more calm and less bipolar during 2003. However, according to the Economist Intelligence Unit, discontent among the indigenous Kanak population over the pace of the implementation of the Nouméa Accord was expected to continue to fuel political tensions during the period under review. Additionally, there was growing concern among FLNKS about its lack of representation in the Government.[4]

28. The visit by French President Jacques Chirac, in July 2003, further increased the long-standing tensions between the pro- and anti-independence parties and an investigation into whether security forces were provoked into using tear gas during protests accompanying his visit is likely to prove divisive. The French Government, however, expressed its intention to be an impartial and engaged judge during the Nouméa process and President Chirac stressed the role of the French Government as a partner in the transfer of further jurisdictions to New Caledonia. He pledged that the Nouméa Accord would be fully implemented and respected by the State and that it would help further the development of education, environment, regional cooperation and metallurgical projects.

29. During the past few years, the political scene has also been affected by internal divisions within RPCR and FLNKS. Within the pro-integration party, the divisions surfaced in June 2001, when some party members denounced the "monolithic leadership" of its founder and President, Jacques Lafleur. Nonetheless, the leadership isolated the dissidents and Lafleur was re-elected.[10] In the French National Assembly elections of July 2002, Lafleur's leadership was again contested from within the Party and he was forced to a run-off election to secure his seat. Information provided by the administering Power also points to the creation of the Union pour la majorité démocratique en Nouvelle-Calédonie in August 2002 as a move to unite those within the anti-independence camp opposed to Lafleur's policies. In late December 2002, Lafleur issued a written statement saying that he planned to retire from politics but he did not specify when. During the review period, he remained the leader of RPCR.[11]

30. The divisions within the pro-independence camp have also been apparent since the resignation from the Government of FLNKS leader Roch Wamytam in October 2001 and the growing conflict between the various components of the party. Following a number of conferences, it was decided that, in 2002, the pro-independence leadership would be placed in the hands of an eight-member, multipartite political bureau with two representatives for each of the four main components of FLNKS (UC, Palika, Rassemblement démocratique océanien and Union des partis mélanesiens). The lack of unity persisted in the municipal elections on Lifou Island in October 2002, when the pro-independence components competed on separate lists. A long-delayed FLNKS congress was due to be held in December 2003, during which its two main constituent parties, UC and Palika, hoped to resolve their disputes and draw up a common platform for the May 2004 provincial elections. FLNKS, however, which has been leaderless since 2001, is unlikely to elect a new leader until after the elections. The whole implementation process of the

Nouméa Accord could be jeopardized by this ongoing instability, and even the dissolution of the FLNKS cannot be ruled out.[4]

31. In June 2003, prior to the visit of President Chirac, the committee of the signatories of the Nouméa Accord met at Kone, New Caledonia. The delegation included the French Minister for Overseas Territories and representatives of the political parties of New Caledonia, RPCR and FLNKS. According to information provided by the administering Power, the parties affirmed in a joint declaration that the institutions created by the Nouméa Accord were working well and that the transfer of powers envisaged in the Accord was continuing. Competencies in the field of labour inspection, external trade, primary school education and mine and energy services had already been transferred to New Caledonia. The members of the committee reaffirmed their intentions to meet frequently and to follow closely the implementation of the Accord and the ongoing reforms. According to the summary of the meeting provided by the administrative Power, required reforms had been implemented in the following sectors: education, sports regulation and professional job training. The committee stated that the Government of France continued in its efforts to improve primary, secondary, and specialized education.

32. In September 2003, a visiting delegation from the French Parliament also concluded that implementation of the Nouméa Accord was proceeding well. However, the Kanak community has argued that the reforms outlined in the Accord are being implemented too slowly, especially those relating to voters' residence requirements (see para. 8 above). Meanwhile, President Chirac has promised a resolution to the question by 2007.[4]

33. Another political issue that continues to cause some tension in New Caledonia is the inter-ethnic strain between the Kanaks and the settlers from the French territory of Wallis and Futuna, confrontation between which flared up in 2001 and 2002 (see A/AC.109/2002/13, paras. 30 to 32 and A/AC.109/2003/7, para. 32). While the Wallis and Futuna Islands have a population of 15,000 inhabitants, New Caledonia is home to 20,000 Wallisian people. After a long-standing dispute over the housing of people from Wallis and Futuna on disputed land near Nouméa, the last 30 Wallisian families were moved from the area under police guard in September 2003. The decision to evacuate the Wallisians prompted claims by Didier Leroux, the leader of the Opposition Alliance Party, of ethnic cleansing. The Wallisians are expected to seek compensation from the French State.[4]

34. According to the French High Commissioner, the inter-ethnic tensions revealed the fragility of the Nouméa process, and he urged the communities concerned to work with State and local institutions towards redressing the social and economic imbalance in the Territory. After numerous meetings, in November 2002, the chiefs of the Kanak and Wallisian communities agreed to resolve their differences peacefully. In December 2002, the Minister for Overseas Territories signed a 25 million euro (€) development agreement with Wallis and Futuna, aimed at stemming the outflow of the islanders.[12] An accord signed between the two communities in December 2003, which stipulated the principle of dialogue on all decisions taken by New Caledonia could affect its inhabitants from Wallis and Futuna.[13]

## D. External relations

35. The legal framework within which New Caledonia may establish external relations is governed by the Organic Law of 1999. In this regard, the participants at the January 2002 meeting of the signatories of the Nouméa Accord agreed on the importance of developing trade and other relations with the larger actors in the Pacific region (Australia and New Zealand), as well as with other island States, and of building on existing links with regional organizations. Another concern expressed was the need to establish better links with the European Union, given its political, commercial and financial importance. The signatories called for legislative steps to grant the President of New Caledonia powers to negotiate and sign international agreements, requested improved coordination between the French State (through its High Commissioner in Nouméa) and the New Caledonian Government and agreed that New Caledonian professionals should continue to receive training in diplomacy.

36. In keeping with the foregoing, New Caledonia continued to develop its contacts with its Pacific neighbours during 2003.

37. In July 2003, President Chirac met with the heads of State of the Pacific region in Papeete, Tahiti. During the meeting, the President expressed his intention to strengthen cooperation between the countries of the region, in particular the French Pacific Territories of French Polynesia and New Caledonia. President Chirac announced that the allocation to the fund for economic, social and cultural cooperation for the Pacific would be doubled to the amount of €3,352,000. A delegation from the Pacific Islands Forum is scheduled to visit New Caledonia in 2004 to evaluate progress made in the implementation of the Nouméa Accord. The last mission of the Forum to the Territory was in 2002.

38. On the multilateral front, according to the administering Power, the FRANZ Agreement on disaster preparedness and emergency assistance between France, Australia and New Zealand once again proved its efficacy by providing assistance to Fiji when it was hit by cyclone Ami in January 2003. In August 2003, a meeting of the signatories of the agreement took place in Canberra. New Caledonia has also strengthened its ties within the European Union. In September 2002, a representative of the Territory attended the first European Union Overseas Countries and Territories Forum, held in the Netherlands Antilles, to strengthen relations with the European Union and ensure that the overseas countries and territories receive all the financial and development benefits for which they are eligible.[14]

39. On the bilateral front, New Caledonia signed an agreement on health, education and youth exchanges with Vanuatu in 2002. The Prime Minister of Vanuatu visited New Caledonia in 2003 to discuss the result and the future of the convention of cooperation for the period 2002-2004 for which a total of €500,000 has been allocated. In April 2003, the New Zealand Ministers of Agriculture and Maritime Trade and of Tourism visited New Caledonia to discuss various issues.

40. In 2003, the New Caledonia Government decided that Japanese nationals could visit New Caledonia for 90 days without a visa. In April 2002, Japan had announced its intention to open a consulate in Nouméa.

# III. Economic data and developments

## A. General

41. New Caledonia, with its considerable economic assets, ranks among the more affluent Pacific nations. New Caledonians, with an average annual per capita income of 12,800 United States dollars, enjoy one of the highest incomes in the Pacific.[15] However, New Caledonia also suffers from long-standing structural imbalances between the economically dominant South Province and the considerably less developed North Province and the Loyalty Islands. Therefore, in the context of the Matignon Accords of 1988 (see A/AC.109/1000, paras. 9-14) and the Nouméa Accord, much of the efforts of the Government of France and New Caledonian institutions in the past decade have been aimed at *rééquilibrage*, that is, redressing the balance in terms of infrastructure, social services and employment possibilities among the three provinces. Accordingly, 70 per cent of the State assistance to the Territory is earmarked for the North Province and the Loyalty Islands and the remaining 30 per cent for the South Province. According to the administering Power, contracts for development projects in New Caledonia for the period from 2000 to 2004 total €636 million, of which 53 per cent is financed directly by the French State. In January 2002, following the second meeting of the signatories of the Nouméa Accord, the French Government announced that its economic assistance to New Caledonia over the coming decade would be invested mainly in the nickel industry, tourism and education.[16] In addition, €19 million has been reserved for investment contracts between the French State and the local government units (*communes*) in the Territory. As at the end of 2003, 19 *communes* had signed contracts with the State, focused on road works, public buildings, new schools, water supplies, sanitation and waste disposal. Credits for the period 2000-2004 reached a total of €355 million, representing an increase of 25 per cent over the period 1993-1997. In 2002, French financial transfers rose by 4.5 per cent, according to the New Zealand Ministry of Foreign Affairs and Trade.[4]

42. According to information provided by the administering Power, the French State also continued to offer fiscal incentives to encourage investment in its Overseas Territories as well as specific tax facilities aimed at strengthening New Caledonia's metallurgy and mining sectors, hotel industry, housing, transport sector and public service concessions.

43. According to the administering Power, after a sluggish 2002, New Caledonia's economy recorded uneven results in different sectors in 2003. The economy will remain heavily dependent on direct financial transfers from France, which currently amount to around 20 per cent of gross domestic product (GDP). According to the National Institute of Statistics and Economic Studies (INSEE), cruise ship arrivals rose by 36 per cent, totalling 31,283 in the first six months of 2003, although total tourist arrivals in New Caledonia were disappointing (see also para. 55 below). However, on the other hand, New Caledonia has benefited from higher global nickel prices during 2003, partly as a result of strong demand from China (see para. 45 below). Shrimp farming will be another growth industry, with producers expected to double their output in the next five years in order to meet rising demand from Japan and China. Earnings from shrimp exports totalled $22 million in 2002, second only to those from nickel exports. Total merchandise exports rose to 57.7 billion communarté financière du Pacifique francs (CFPfr) in the first three quarters, from

CFPfr 45.9 billion in the same period a year earlier, representing more than a 25 per cent increase. However, imports rose by 34 per cent over the same period to CFPfr 124.5 billion.[17]

44. In December 2002, New Caledonia's Congress narrowly passed a $750 million preliminary budget for 2003. Meanwhile, as reported by the media, the concept of New Caledonia shifting in the near future from the CFPfr currency to the euro is gaining momentum within the business community. The Chamber of Commerce has commissioned feasibility studies, and its Chairman has stated that the euro would facilitate trade, promote savings and attract foreign investment. On the other hand, the change is opposed by the pro-independence parties, which assert that, under the provisions of the Nouméa Accord, currency matters are to be a local competency.[18] In December 2002, in her speech to the New Caledonian Congress, the Minister for Overseas Territories stated that the French Government was willing to facilitate the introduction of the euro if and when a consensus was reached on the matter in the Territory.

## B. Mineral resources

45. New Caledonia's economy is dominated by the nickel industry. The Territory, which is the third largest nickel producer in the world after the Russian Federation and Canada, is estimated to have at least 25 per cent of the world's nickel reserves[19] and is responsible for 6 per cent of the world's nickel output, employing some 3,500 people in mining firms of varying sizes. Although this highly dynamic sector makes up 80 to 90 per cent of New Caledonia's exports and generates numerous related economic activities, it is fragile in that it is almost entirely dependent on international demand and nickel prices. For this reason, emphasis is currently being placed on the development of local metallurgical production, which creates more wealth, rather than on mineral exports. New Caledonia has benefited from higher global nickel prices in 2003.[4] Nickel prices rose to around $11.8 per ton in early November 2003, compared with only $7 per ton in 2002, partly as a result of strong demand from China. Consequently, the value of nickel exports rose 20.33 per cent in the first three quarters of 2003. Strong demand from China also pushed up the volume of iron and steel exports by almost 20 per cent, to 130.5 million kilograms, in the first three quarters of 2003; the value of these exports increased by 26.8 per cent.[4]

46. There are currently three major nickel-related projects under way in the Territory, namely, those of Société Le Nickel, Falconbridge Limited and the International Nickel Corporation (Inco) (see A/AC.109/2000/4, paras. 30-32; A/AC.109/2001/14, paras. 33-36; and A/AC.109/2002/13, paras. 36-37). While it is hoped that these projects will lead to significant economic growth, they are controversial and, especially in the case of Falconbridge and Inco, still face considerable uncertainty.

47. The first of the three projects is being developed by Société Le Nickel (the New Caledonian affiliate of the French State-owned company Eramet), which is investing from €140 to €190 million in its Doniambo smelter to boost production from 60,000 to 75,000 tons per year. According to the French Government, the renovation, which implies the upgrading of one of Doniambo's three smelters and of

another Société Le Nickel mine, at Tiebaghi, progressed during 2003 and is scheduled to begin production in 2006.[4]

48. The second project under way, a joint venture between the Kanak-controlled Société minière du Sud-Pacifique and the Canadian company Falconbridge Limited, obtained fiscal advantages from the State in 2003. The project will include the construction of a smelter in the North Province to process nickel from the Koniambo mountains. It is estimated that this smelter will produce some 60,000 tons per year, creating 800 jobs directly and 2,000 indirectly. It is also at the heart of a major project to bring wealth and employment to the underdeveloped North Province through the construction of an electric power plant, a deep-water port and a hydraulic dam. Production is not due to begin until 2008-2009, but the Northern Province Government will begin the construction of residential and commercial buildings in 2004 around the Koniambo site in order to prepare for the population increase that will occur when the mine opens.[4]

49. The third project of Inco of Canada, is to exploit mineral deposits in Goro, South Province. Inco is investing some $1.4 billion in the construction of a nickel- and cobalt-mining plant, which is scheduled to be completed in 2005. Production capacity is expected to reach 54,000 tons of nickel and 5,400 tons of cobalt per year. As a result of this venture, it is estimated that 3,500 new jobs will be created. In September 2002, construction was suspended for several weeks following a strike by local contractors. In addition, a coalition of indigenous Kanak leaders, landowners and environmentalists organized a blockade to protest the environmental impact of the Goro project and to protest further exploitation rights recently granted to Inco in nearby Prony. The coalition called for the establishment of an independent environmental impact study and for New Caledonia to have a larger financial share of the project. In addition, it expressed concern about an announced influx of foreign workers. In December 2002, Inco announced that it was putting the Goro project on hold for at least six months while it reviewed costs and business trends owing to an unexpected surge in estimated engineering and construction costs that could add as much as $650 million to the $1.4 billion budgeted.[20] During 2003, a study on the factory's installation costs was completed and the project now looks as though it will proceed.

50. The debate over the impact that new nickel projects will have on New Caledonia's pristine maritime environment began some years ago and became more heated in January 2002 after the French Government officially filed a request with the United Nations Educational, Scientific and Cultural Organization (UNESCO) asking that New Caledonia's coral reef be included in the World Heritage List. That step, denounced by RPCR as being electorally motivated interference from Paris, was welcomed by FLNKS and environmental groups.[21] However, in September 2002, the new French Government announced that it was withdrawing the request for UNESCO protection of the reef, stating that the measure was useless because it had no binding impact.[22] The French decision met with strong protests from environmental groups and Kanak leaders. In December 2002, the Minister for Overseas Territories stated before the New Caledonian Congress that the request for UNESCO designation of the reef had been premature since the three provincial governments had yet to establish their own regulations on environmental matters. However, greater exploitation of the territory's resources will add to friction between RPCR, which has a close relationship with the mining companies, and Kanak groups. The Kanaks believe that mining rights are being sold off cheaply, that

the economic benefits are not flowing to the poorer areas of the Territory and that development will damage the local environment.

51. According to President Chirac's speech in Nouméa in July 2003, economic development should take possible environmental impact into account. President Chirac stated that New Caledonia's natural heritage was a potential that needed to be preserved for future generations and that it was necessary to find the way towards sustainable development.

52. Similar concerns were expressed in June 2003 by the committee of the signatories of the Nouméa Accord. The committee stressed the importance of finding solutions to the issue of how to protect the environment. Participants expressed the need for new expertise to formulate new rules for the future environmental charter.

## C. Other economic sectors

53. Other sectors that contribute to New Caledonia's GDP are public administration, commerce, services, construction and public works, small- and medium-scale industry, agriculture and tourism. The construction sector recorded solid growth in 2003. The demand has been driven by the reconstruction work needed after the extensive damages caused by typhoon Erica in March 2003. The Government financed an emergency programme for the reconstruction of 1,000 units for a total of €41,900,000. In addition, development (*lotissements*) projects were realized in Nouméa.

54. The agriculture and fishery sectors account for only 2 per cent of GDP, but, increasingly, they occupy a central place in New Caledonian society, employing some 30 per cent of the population and making it possible to contain the rural exodus. Rural development projects are aimed at increasing the local market, thereby decreasing the need for imported food. Fisheries are underdeveloped, with commercial fishing accounting for only a third of the total catch, most of it tuna exported to Japan. However, the North Province and Loyalty Islands authorities are expanding their fishing fleets and aquaculture has expanded rapidly in the last 10 years.[4.19]

55. Tourism is regarded as another important sector, but the improvement of airline services remains an important priority for the Territory if it is to be developed further. As mentioned above (see para. 43), cruise ship arrivals rose by 36 per cent, to 31,283, in the first six months of 2003. Although total tourist arrivals in New Caledonia were stable compared to 2002, the numbers were regarded as disappointing. Arrivals from Australia for the period dropped by 21.8 per cent, while visitors from New Zealand and Japan were also down by 9.6 per cent and 9 per cent, respectively. According to the administering Power, the poor performance reflects the downturn in the international travel industry. Heightened global uncertainty before and after the United States-led war in Iraq, together with the outbreak of severe acute respiratory syndrome (SARS) in some Asian countries, persuaded many tourists to stay at home. During the period under review, two new projects for the construction of hotels, a Ramada hotel and the Mercure at l'Anse Vata in Nouméa, have been launched. The Ramada hotel benefited from fiscal aid provided under the programme to facilitate overseas investments. The Mercure's application to obtain similar aid is currently under review.

56. Due to the departure of Corsair, Continental-Micronesia and AOM-Air Liberté airlines and Air France's planned closure of its New Caledonia operations in 2003, the Government of New Caledonia has focused in recent years on ensuring sustainable airline links to the Territory and obtaining support from the French Ministry of Transport to this end. As a result, the Territory has arranged for the tax-exempt purchase of two French-built Airbus A-330 aeroplanes in 2002 and one in 2003, for its flag carrier, Air Calédonie International (AirCalin). The first two planes went into operation in 2003 and the third will begin operation in 2004. In March 2003, AirCalin took over the Nouméa-Tokyo route run by Air France. The company will operate the route under a code-sharing agreement with Air France. The measure will increase by 20,000 the availability of seats on a yearly basis. During the period under review, Air France continued operating in and out of New Caledonia.

### D. Labour

57. According to information provided by the administering Power, 9,460 persons were unemployed at the end of September 2003, an improvement of 1.6 per cent compared to 2002. The same source noted that labour disputes are frequent in New Caledonia, leading to many hours of lost productivity owing to strikes and lockouts. The situation seemed to have slightly improved through 2003. However, factories often had to interrupt production because of organized strikes by outsiders. In 2002, labour disputes occurred mainly within the mining sector, with the Syndicat des ouvriers et employés de Nouvelle-Calédonie leading strikes at the sites of Société Le Nickel and Société Minière du Sud Pacifique.

58. During its meeting in June 2003, the committee of signatories to the Nouméa Accord stated that the protection of local employment remained an important priority for the committee and proposed new legislation to regulate the employment of New Caledonians in public service. In the private sector, great emphasis would be placed on training and education. Cooperation with local unions would help to formulate proposals for the protection of local workers.

## IV. Consideration of the question by the United Nations

### A. Special Committee on the Situation with regard to the Implementation of the Declaration on the Granting of Independence to Colonial Countries and Peoples

59. A representative of FLNKS participated in the Caribbean regional seminar, held in Anguilla, from 20 to 22 May 2003. The seminar was organized by the Special Committee to review constitutional developments, political, economic and social conditions in Non-Self-Governing Territories.

60. Speaking on behalf of the Kanak people (A/58/23, chap. II, annex, para. 25), the representative of FLNKS recalled that New Caledonia-Kanaky had been reinscribed in 1986 on the list of countries to be decolonized. Its land had been the recipient of massive immigration, with a tremendous boom in the 1960s and 1970s, largely owing to the mining of nickel. That boom had resulted in demographic and economic links unfavourable to the indigenous people. Support on the international scene for FLNKS in its claim to independence had come, thus far, from countries in

the Pacific region, although FLNKS was afraid that the French diplomatic offensive, in the form of aid packages to the region, might neutralize its support. The representative asked the United Nations to help satisfy the aspirations of the indigenous people, while offering lasting prospects for all New Caledonians.

61. In the report of the Caribbean Regional Seminar on Advancing the Decolonization Process in the Caribbean and Bermuda (see A/58/23, chap. II, annex), the participants noted with concern that some measures of the Nouméa Accord had still not been implemented. At the same time, they noted that FLNKS was seeking the vigilance and support of the United Nations for the Accord and its implementation in a way that would satisfy the aspirations of the indigenous people of New Caledonia. They also noted the request from a FLNKS representative that a United Nations visiting mission be dispatched to New Caledonia to assess the situation on the ground.

62. The Special Committee considered the question of New Caledonia at its 7th meeting, on 12 June 2003 (see A/AC.109/2003/SR.7). During the meeting, the representative of Papua New Guinea introduced draft resolution A/AC.109/2003/L.10. The Special Committee adopted the draft resolution without a vote (see A/AC.109/2003/23).

## B. Special Political and Decolonization Committee (Fourth Committee)

63. At the 3rd meeting of the Special Political and Decolonization Committee (Fourth Committee), on 7 October 2003, the representative of Papua New Guinea made a statement and noted, inter alia, that, with the good will of all parties concerned, it should be possible to ensure that the Kanak people are able to exercise their right to self-determination (see A/C.4/58/SR.3).

64. At its 7th meeting, on 14 October 2003, the Fourth Committee adopted the draft resolution on the question of New Caledonia without a vote (see A/C.4/58/SR.7).

## C. General Assembly

65. At its 72nd plenary meeting, on 9 December 2003, the General Assembly adopted resolution 58/106 on the question of New Caledonia without a vote (see A/58/PV.72).

*Notes*

[1] The information contained in the present report has been derived from information transmitted to the Secretariat by the Government of France on 22 January 2003 and from published sources.

[2] Oceania Flash, 12 April 2002.

[3] CCPR/C/75/D/932/2000, para. 14.7.

[4] The Economist Intelligence Unit, Country Report New Caledonia, December 2003.

[5] Agence France Press, 22 April 2002, and *Le Monde*, 23 April 2002.

[6] Oceania Flash, 17 June 2002.

[7] Agence France Press, 31 July 2002.

[8] Oceania Flash, 16 October 2002.

[9] Ibid., 20 November and 29 November 2002.

[10] Oceania Flash/SPC, 26 June 2001.

[11] Oceania Flash, 28 December 2002, *L'Humanité*, 3 January 2003.

[12] Oceania Flash, 11 November and 23 December 2002.

[13] French Senate web site: www.senat.fr.

[14] See the final declaration of the Ministerial Conference of the Overseas Countries and Territories, Bonaire, Netherlands Antilles, 18 September 2002.

[15] *L'Humanité*, 3 January 2003; Virtual Information Center, 30 January 2004, www.vic-info.org.

[16] Agence France Press, 22 January 2002, Economist Intelligence Unit, 21 March 2002.

[17] Communauté financière du Pacifique franc (CFPfr): 1 euro=117,58 CFPfr as of 5 March 2004.

[18] Oceania Flash, 23 October 2002; Economist Intelligence Unit, *ViewsWire*, 18 December 2002.

[19] Economist Intelligence Unit, Country Report, December 2002.

[20] PINA Nius, 29 December 2002.

[21] *Le Monde* and Oceania Flash, 28 February 2002.

[22] PINA Nius, 19 September 2002.